



Daily Report

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Daily Report China

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General

Trade With USSR, Eastern Europe To Expand

OW051050 Beijing XINHUA in English 1035 GMT
5 Apr 88

[Text] Beijing, April 5 (XINHUA) — China will expand its trade at a fast pace with the Soviet Union and East European countries, according to Zheng Tuobin, minister of foreign economic relations and trade.

As part of the effort, various localities are encouraged to expand trade ties with these countries, said Zheng while discussing foreign trade with deputies from Heilongjiang Province to the Seventh National People's Congress Monday.

"Trade handled by the localities will be a focus in China's trade relations with other socialist countries," he said.

According to the minister, all province-level regions and cities enjoying a provincial status in national plans may hold economic and trade exchanges with the Democratic People's Republic of Korea, Mongolia, the Soviet Union and East European countries.

These exchanges can take a variety of forms, such as barter trade, contractual joint ventures, co-production and export of labor services.

"We can create any new form of trade to invigorate our foreign trade," the minister said.

Liu Wenju, deputy director of the Heilongjiang Provincial administration of state farms, told Zheng that his administration has no import or export management power although it exports 100 million U.S. dollars worth of goods a year.

He also complained that foreign trade procedures are too complicated.

The minister replied: "We can't grant all enterprises the power to negotiate directly with foreign firms, but major enterprises must enjoy independent power in foreign trade."

"Now that this power is given to you, it's up to you whether there will be a big expansion in our foreign trade. What we'll inspect in the future is whether or not you have expanded the foreign trade."

According to Zheng, China will take a big step in reforming its foreign trade system this year. He called for conscientious implementation of the reform plan.

"We'll revise the reform plan according to your opinions and improve it step by step," he said.

EC-Backed River Development Scheme Approved

OW021433 Beijing XINHUA in English 1306 GMT
1 Apr 88

[Text] Changsha, April 1 (XINHUA)—The Ministry of Water Resources and Electric Power has approved a study report on a Sino-European Community (EC) project to tap the hydropower potential of Youxi River in Hunan Province.

The project, which calls for building a series of power stations at different heights along the 67 km river, aims to gain experience in developing rivers of medium and short lengths in developing countries, provincial officials here said.

The river runs through the mountainous Xinhua County, with a drop of 703 meters and a hydropower potential of 36,700 kw.

In 1985 the county's hydropower bureau began to do research on the development of the river with assistance from the Central China Engineering University.

The research drew the attention of foreign experts and, in October 1985, British Prof. N.J.D. Lucas from Bangkok's Asian Engineering Institute was dispatched to China by the EC's General Energy Resources Company to study the feasibility of the project.

Later, experts from France and the Federal Republic of Germany visited China and exchanged ideas with Chinese scientists on the exploitation of the river.

Dr. Florian Sauter-Seraes, an EC official resident in China, recommended the research item to the EC's General Energy Resources Company after he inspected and studied the research work.

World Bank To Aid Shandong Agricultural Projects

SK050354 Jinan Shandong Provincial Service
in Mandarin 2320 GMT 3 Apr 88

[Text] Provincial Vice Governor Ma Zhongchen met with a World Bank investigation group led by Mr (Wiltze Hawk) on the afternoon of 3 April at the Qilu Guesthouse. With the approval of the State Council, our province will use \$100 million in loans from the World Bank beginning this year to carry out a comprehensive agricultural development project. To make the project succeed, the World Bank organized experts in the fields of agriculture, marine products, animal husbandry, water conservancy, and the economy to conduct 3-week field investigations in the Yimeng mountainous area, the areas along Tuhai He, and the areas along Bohai Bay. They expressed satisfaction with the organization and our province's preparations for the project.

During the meeting, Provincial Vice Governor Ma Zhongchen praised the experts for their spirit of working conscientiously day and night. The host and the guests

unanimously contended that the World Bank's cooperation with Shandong, which has abundant resources and great potential for economic development, will have bright prospects, and that cooperation between the two sides will be more successful in the future.

United States & Canada

RENMIN RIBAO on U.S. Trade Deficit

HK020619 Beijing RENMIN RIBAO in Chinese
28 Mar 88 p 7

["Economic Jottings" by Zhang Zhenya (1728 2182 0068): "New Problems Resulting From the Decrease in U.S. Trade Deficits"]

[Text] / marked decrease in U.S. trade deficits has continued for 3 consecutive months since last November, which indicates that the devaluation of the U.S. dollar has played a positive role in bringing about a turn for the better in U.S. foreign trade. What has benefited most from this decrease is U.S. manufacturing industry, which has registered a rapid increase in exports. For last year as a whole, the export volume of U.S. manufacturing industry increased by 17 percent over the previous year; if calculated on a quarterly basis, the increase in the 4th quarter alone stood at 25 percent. Beryl Sprinkel, chairman of the President's Council of Economic Advisers, predicted happily that the exports of the U.S. manufacturing industry will increase possibly by 17 percent this year. The U.S. BUSINESS WEEK also announced joyfully: "Exports have given the U.S. economy, which is in danger of sliding into a depression, the tonic it needs badly. For the first time in several years the United States has a good opportunity to push forward its economy by means of exports..."

Under such circumstances, many U.S. economists have begun to revise their forecasts for the U.S. economy. Originally, they thought an economic depression was quite imminent, but now they are beginning to heave sighs of relief. Business in the New York stock market is beginning to thrive again after the crash at the end of last year. The utilization of factory capacity in the United States was registered at 82.5 percent by the end of February, and this percentage had continued for 3 consecutive months, being the highest in 8 years. The unemployment rate has dropped to 5.6 percent. Against this background, the U.S. dollar is experiencing short-term stability. However, some people believe that the United States will not be able to avoid an economic depression after 1989.

An increase in exports and a decrease in imports are, of course, good for the United States. But for the Western world as a whole, this may mean serious trouble.

The chairman of the board of the Italian company Olivetti, which is striving for control of Belgium's General Electric Company, recently expressed his unease by

saying: "Economic expansion in Western Europe, Japan, and Asia has relied on U.S. consumers for the last 5 years. Now it is our turn to suffer."

The U.S. trade deficit last year hit a record high, to stand at \$171 billion. Obviously, it is not easy to erase such a huge trade deficit. Therefore, the U.S. trade authorities expect to bring about a basic balance in foreign trade within 5 years. If this wishful thinking is realized, the United States' trade partners will possibly face a big trade adjustment totaling \$200 billion: an increase of \$100 billion in imports from the United States and a decrease of \$100 billion in exports to the United States. Can their economies withstand this change?

As estimated by THE ASIAN WALL STREET JOURNAL, to achieve this target, South Korea, China's Taiwan Province, Hong Kong, and Singapore will face a trade adjustment of \$20 billion this year, while other developing countries will face adjustments totaling \$15 billion. The rest will be undertaken by Western Europe and Japan. Japan has proved itself amazingly capable of coping with world economic changes, but what about Western Europe?

(David Lawmarks), chief economic adviser to the London National Westminster Bank, said anxiously that "this will be the worst year in Europe." This is because Western Europe cannot take advantage of huge U.S. trade deficits resulting from high U.S. dollar exchange rates.

In face of this strong competition, Philips Company of the Netherlands, the biggest electronics industrial giant in Western Europe, announced in February that it will reduce its workforce by 20,000 this year and close down 80 of its 200 branch factories in Europe within 5 years. The West German Porsche car corporation, well-known for exporting de luxe cars to the United States, will reduce its exports to that country, cut its output by 39 percent, and shorten the working week, due to the revaluation of the mark.

What is even worse for Western Europe is that Japan and the "four small dragons" are directing a swift and fierce foreign trade offensive at that continent because they have found exports to the United States increasingly difficult. Western Europe is thus receiving pressure from in front and from the rear.

In short, fiercer contention will occur in the international market in 1988. This is an important impact on the world resulting from the reduction in the huge U.S. trade deficits. Western Europe, rather than the United States, is likely to slide down into the mire of economic depression later this year. A recent survey by the United Nations also indicates this.

RENMIN RIBAO Views U.S. Election Campaign

HK040923 Beijing RENMIN RIBAO in Chinese

2 Apr 88 p 6

["Newsletter from America" by correspondent Zhang Yunwen(1728 0336 2429): "The 'Jackson Phenomenon' Causes Panic in the Democratic Party"]

[Text] Washington, 30 March—The Democratic Party's Michigan primary made the campaign for the nomination of the party's presidential candidate more complicated and intense.

Black civil rights leader Jackson won an unexpected victory of about 2:1 over his campaign rival Dukakis in this northern industrial state where black people constitute only 12 percent of the population. This broke the "myth that Jackson's supporters are merely the blacks," and "disrupted" the Democratic Party's campaign arrangements at a crucial juncture. Although Dukakis recovered a little bit in the Connecticut State primary, Jackson's rise has evoked a lot of comment.

In the beginning, seven people campaigned for the Democratic Party's presidential nomination, and now only four of them remain in the campaign. In fact, the rivalry now only exists between Jackson and Dukakis. Jackson is campaigning for the presidency for the second time. As compared with 4 years ago, his present position in the campaign is much better. The number of delegates that he has won is already greater than the total number he won in 1984. He now has the support of 96 percent of the black people in the United States. What is noticeable is that the number of white voters who support Jackson is now much greater than that in 1984. These supporters are not only workers and farmers living in difficult conditions but also include many young students and intellectuals. Six months ago few people expected that this black missionary could win the nomination for presidential candidate but now more and more people are talking about this possibility. This "unexpected" situation in the Democratic Party is now called the "Jackson Phenomenon."

At present the "Jackson Phenomenon" has caused increasing worries and panic among the Democrats in the upper strata. Although they also expressed their welcome for Jackson's achievements the mass media in recent days have revealed continuously that they are at a loss and facing a dilemma.

Jackson has now won the support of more than 600 delegates and this figure is well matched with that of Dukakis. Some people expect that when the primaries end, Jackson will have won the support of more than 1,000 delegates. Although this is still far from the 2,082 needed to win the nomination, Jackson may still surpass Dukakis. If this happens, Democratic leaders will have to make a choice: Act according to principle and support the candidate who wins the most votes thus making Jackson the party's nominee, or influence the 645 "super

delegates" (including the incumbent senators, state governors, and former presidents) through some behind the scenes deals to check Jackson's nomination.

Currently, a somewhat identical viewpoint held by leading members of the Democratic Party is to check Jackson's campaign for the presidency. They argue that so far the United States is still not ready to accept a black president. The Democratic leaders fear that if Jackson is nominated as the Democratic candidate he will certainly fail in the rivalry with Bush for the presidency, and the White House will once again be controlled by the Republicans. However, if they adopt the second option to check Jackson's campaign, they will go against the wishes of the masses and will violate the democratic principle that they used to flaunt. This may estrange the voters loyal to the party and cause "irretrievable losses."

Some political analysts hold that Jackson can achieve the remarkable results in his campaign not because of his eloquence or charisma, but because his political messages are attractive to many voters. Jackson upholds economic justice and opposes "economic violence" against the working people. He advocates reinvestment and opposes the large companies' measure of "exporting jobs." He also calls for going all out to solve the drug problem, providing legal assistance for poor people, enabling women to enjoy equal pay for equal work, and raising the minimum wage. As for foreign policy, he advocates reduction in defense spending, opposes assistance to the Nicaraguan anti-government forces, strongly demands sanctions against South Africa, and advocates dialogue with the PLO.

For a long time people in the media and political circles questioned: What on earth will Jackson try to do? Does he want to be a president? or a vice president? or fill an administration position? or just try to influence the Democratic Party's political platform? Jackson himself is averse to this question. He asks back: Why do you not ask the same question of other campaigners? He clearly indicated that he will strive for the party's nomination as presidential candidate. It is reported that the Republican governor of Wisconsin, in which the primary will soon be carried out, praised Jackson and hinted that he would encourage Republicans to vote for Jackson. In this state the law allows people to vote for a candidate of another party. It is said that the Republicans are so "generous" because they want Jackson nominated by the Democratic Party so that Bush can defeat his rival more easily.

NPC Deputy Refutes U.S. Newspaper Reports

OW021011 Beijing XINHUA in English 0948 GMT

2 Apr 88

[Text] Beijing, April 2 (XINHUA)—Huang Shunxing, a deputy of Taiwan origin to the Seventh National People's Congress (NPC), today expressed regret over the distorted report by a United States newspaper about him.

In an impromptu speech at a plenary meeting of the current NPC session, Huang said, "I do not permit any untrue and discourteous criticism."

He said he came, with a passport issued by the Taiwan Kuomintang authorities, to Beijing in March 1985 from the United States via Japan.

"I came back to the mainland of my motherland according to legal procedures from start to finish," he said.

"A reporter said I fled from Taiwan. This is not true. I would like to take this opportunity to correct his report."

Huang emphasized that politically he is nonparty. "My political stand is: The state and the people are above all."

He was elected a NPC deputy last December by 110 voters representing more than 30,000 Taiwan compatriots living on the mainland.

"Since my election," he went on, "no person and no party has told me what I should say or what I should not say. I believe the 2,900 NPC deputies all have a full ability to judge what they should say and do for the state and people, and what they should not say or do."

Huang disclosed to XINHUA that the foreign newspaper that has made a distorted report on him is the "LOS ANGELES TIMES" of the United States.

He also declared, "Some reporters doubted whether my speech at the NPC meeting was arranged specially by some people or some circles. [Sentence as received] This is not true and has damaged my personality as well. I hereby express my deep regret."

Northeast Asia

Kim Il-song Meets Jiangsu Party Delegation

*OW041750 Beijing XINHUA Domestic Service
in Chinese 1402 GMT 4 Apr 88*

[Text] Pyongyang, 4 Apr (XINHUA) — Kim Il-song, general secretary of the Korean Workers Party [KWP] Central Committee and president of the DPRK, received here today a goodwill delegation from the Jiangsu Provincial CPC Committee, which was led by its secretary Han Peixin.

During the meeting, President Kim Il-song said: China and Korea are brothers and comrades-in-arms. It is good that delegations from our two countries have regularly exchanged visits. During the Korean War, the Chinese People's Volunteer Army fought bloody battles in Kangwon Province. The people of Kangwon Province will remember the Chinese volunteers with special feelings.

President Kim Il-song said: The DPRK will celebrate the 40th anniversary of its founding. In response to the KWP Central Committee's call, the Korean people are

working arduously on a plastics joint enterprise in (Shunchang), a potash fertilizer plant in (Shaliyuan), and land reclamation projects. When completed, these construction projects will serve to improve the Korean people's livelihood.

Present at the meeting were Yim Hyong-ku, chief secretary of the Kangwon Provincial KWP Committee, and Kwon Min-chun, deputy director of the International Department of the KWP Central Committee, as well as Chinese Ambassador to the DPRK Wen Yezhan.

China's Jiangsu Province established friendly ties with Korea's Kangwon Province in 1984. The goodwill delegation from the Jiangsu Provincial CPC Committee arrived in Korea on 29 March at the invitation of the Kangwon Provincial KWP Committee, and it will wind up its visit and return home on 8 April.

South Korean Riot Police Clash With Students

*OW050416 Beijing XINHUA in English 1559 GMT
4 Apr 88*

[Text] Beijing, April 4 (XINHUA) — Thousands of students hurled firebombs and rocks at riot police as they denounced the government and protested police suppression of previous demonstrations, reports from Western news agencies reached here said.

Clashes flared at Songkyunkwan and Konkuk universities in Seoul when hundreds of riot police fired barrages of tear gas to prevent students from marching into the streets.

In the southern city of Chinju, news reports said a passenger train was attacked when it got in the way in a clash between police and some 1,200 students. The train was destroyed but most passengers escaped unharmed.

Also, some 2,000 students from Hankuk University occupied a road Monday in Seoul's southern shopping center against military training at army barracks. "Down with the military dictatorship which forces us to take mercenary training for Yankees," the students shouted, denouncing the government of President No Tae-u as a dictatorship.

Violent campus demonstrations have increased sharply in recent weeks, despite a series of democratic reforms proposed by the government. Students say they want full democracy.

Southeast Asia & Pacific

SRV Warned Against Spratlys 'Occupation'

*OW051254 Beijing XINHUA in English 1237 GMT
5 Apr 88*

[Text] Beijing, April 5 (XINHUA) — A Chinese Foreign Ministry spokesman said in a statement today that the Vietnamese authorities must immediately "stop their invasion and occupation in any form of China's Nansha Islands and atolls."

Following is the full text of the statement:

Since they provoked an armed conflict in Chinese Nansha Islands on March 14, the Vietnamese authorities have been conducting deceptive and slanderous propaganda, accusing China of obstructing their so-called rescue operation, while stepping up their invasion and occupation of the Nansha Islands and atolls.

As is pointed out by China, the Chinese side exercised great restraint with regard to the Vietnamese naval attack on the Chinese personnel engaged in normal survey and study on the Chigua reef, Nansha Islands and made only a limited counter-attack in self-defence. On March 16 the Vietnamese Foreign Ministry approached the Chinese Embassy in Vietnam about sending Vietnamese vessels flying Red Cross flags to the sea area where the incident was taking place for rescue operation. The Chinese side made an immediate reply, granting the Vietnamese request. The Chinese departments and units concerned have all along strictly honored China's commitment and provided every facility for Vietnam's rescue operation. There is no such thing as Chinese warships shelling and firing at the Vietnamese rescuing vessels. After the conflict, the Chinese side, in a humanitarian spirit, came to the rescue of the Vietnamese servicemen who had fallen into the water.

However, the Vietnamese side has continued to seize and occupy Chinese islands and atolls under the pretext of undertaking rescue operations. The Vietnamese authorities have put up Red Cross flags on all their naval vessels sent to the Guilan, Qionghao and other islands and reefs. Those Vietnamese vessels were sent there to carry out reconnaissance and keep watch on the Chinese islands and atolls as well as Chinese vessels in the above-mentioned sea areas. Up to date, Vietnam has increased the number of its various types of vessels in those areas, from a dozen or so before the clash to the current figure of thirty and more. Vietnamese military personnel are now stepping up their construction of military installations on the Daxian, Liumen, Wumie, Nanhua and Dongjiao Islands and reefs they invaded and occupied early this year, and they have invaded and occupied two more reefs, the Bolan and Nailuo reefs.

By taking the above-mentioned action in the name of rescue, the Vietnamese authorities have grossly violated the 1949 Geneva Convention which stipulates that rescuing vessels shall not be used for military purposes. Their action is a brazen infringement upon international law.

It should also be noted that the Vietnamese Air Force is reinforcing its military deployment in southern Vietnam, frequently dispatching aircraft to intensify its reconnaissance and war preparations in the air space over China's Nansha Islands. The Vietnamese authorities have even made clamour, saying that they are fully prepared to take up battle at any time.

The Chinese side once again sternly warns the Vietnamese authorities that they must immediately stop their invasion and occupation in any form of China's Nansha Islands and atolls and withdraw from the Chinese islands and atolls under their illegal occupation. Should the Vietnamese authorities act wilfully and dare to make new military provocations, they must be responsible for all the consequences arising therefrom.

Rescued SRV Soldiers Provided 'Good Care'

OW051226 Beijing XINHUA in English 1155 GMT
4 Apr 88

[Text] Beijing, April 5 (XINHUA) — The Vietnamese soldiers found and rescued by the Chinese Navy after the March 14 conflict in the Nansha Islands have been taken good care of, a Chinese Foreign Ministry spokesman said here today.

Answering correspondents' questions concerning the number of the Vietnamese crewmen rescued and their present conditions, the spokesman said, "After the March 14 conflict which occurred as a result of Vietnam's provocations in the sea area around Chigua reef of China's Nansha islands, Chinese naval forces found and rescued nine Vietnamese soldiers. In the spirit of humanitarianism, relevant Chinese departments and units have taken good care of them."

Review of U.S. Bases in Philippines To Begin

OW050101 Beijing XINHUA in English 0857 GMT
2 Apr 88

[Text] Manila, April 2 (XINHUA)—The Philippine and U.S. Government panels will start the crucial review next week of the military bases agreement in an atmosphere made more volatile by a growing anti-U.S. military bases movement in the Philippines.

According to Manila press today, anti-bases groups will form their own review panel to coincide with the official bases review starting April 5. The "People's Panel," as they call it, will be composed of known anti-bases proponents, lawmakers, and other representatives.

The anti-bases groups will go to various provinces to explain the issues involved through public forums.

As early as in 1983, the first organization primarily opposing the U.S. bases, the Anti-bases Coalition was formed. Then, the Nuclear-free Philippines Coalition, which concerns itself with the nuclear threat aspect of the bases issue, was also organized.

In 1986, various groups began to take a united stand against the bases by forming the Campaign for a Sovereign Philippines to lobby for the inclusion in the Constitution of the nuclear weapons-free provision and the provision that terminates the bases agreement when it expires in 1991.

Socorro Diokno, secretary general of the Anti-bases coalition, said that due to a "growing sense of nationalism," anti-bases advocates are confident that by 1990, the government can be pressured into not renewing the bases agreement.

She said the anti-bases groups are now testifying against the bases in congressional hearings, lobbying among the negotiators, and conducting studies on the alternative uses of the bases.

She said an education campaign among the Filipinos will be launched, considering the possibility that the issue may be submitted to the people for a referendum.

Diokno said the anti-bases movements will push for: nonnegotiation of the bases, peaceful and orderly removal of the bases, implementation of the "no-nuke" provision of the Constitution, and indemnification for the threat posed to the people by the bases' presence in the country since 1947, and payment of costs of transforming the bases into other ventures.

The United States has been maintaining its two biggest overseas military bases, namely, the Subic Naval Base and the Clark Air Base, in the Philippines since 1947.

Philippine Envoy on Aquino 14-16 April Visit

OW 041134 Beijing XINHUA in English 0154 GMT
4 Apr 88

[Text] Beijing, April 4 (XINHUA)—Alfonso T. Yuchengco, Philippine ambassador to China, said that the coming visit by President Corazon Aquino will greatly help develop relations between China and the Philippines.

Yuchengco, who took up his post in May 1986, made the remarks during an interview with XINHUA. The 65-year-old ambassador said that Sino-Philippine relations are very good, and have improved tremendously over the past years.

President Aquino will visit China from April 14 to 16. During her stay in China, she will meet and exchange views with Chinese leaders on bilateral relations and other issues of common concern.

He said that the president intends to visit Xiamen which is her ancestors' home. "This will be very sentimental trip not only for the president but also for all Filipinos, many of whom are of Chinese extraction originally," the ambassador said.

As neighboring countries, the ambassador added, relations have been strengthened in political, economic and cultural relations since Aquino came to power in February 1986. The new government has always pursued the "one-China" policy.

Only one week after the new government had been established, China sent an official cultural delegation headed by Minister Zhu Muzhi to visit the Philippines. The delegation was the first of its kind received by the new government.

Yuchengco, who is an economist, said that bilateral trade was nearly 300 million U.S. dollars last year, the highest figure in recent years.

But trade between the two countries has always been in China's favor, with the exception of 1986. He expressed the hope that China would increase its imports from the Philippines to achieve a better degree of balance.

Yuchengco said that the Aquino government has been successful in its economic policy. "In 1987, the gross national product of the country grew by 5.8 Percent. This year, we expect the growth will be 7 to 8 percent, which is one of the highest in Asia," he said.

He told XINHUA that about 50 newspaper, radio and television people will be traveling with the president on her trip.

Mainland-Hong Kong Financial Cooperation Viewed

HK041515 Beijing XINHUA Hong Kong Service
in Chinese 1107 GMT 30 Mar 88

[Text] Hong Kong, 30 Mar (XINHUA)—The latest issue of "Hong Kong and Macao Economic Quarterly" carries an article by (Feng Jen-hu), general manager of the Hong Kong branch of the Kincheng Banking Corporation, which is entitled "Hong Kong Banks Play an Important Role in China-Hong Kong Economic Cooperation." It points out that now many banks in Hong Kong have set up a department to deal with China business, and many foreign banks have also established branches and offices in Hong Kong to make Hong Kong their gangplank in promoting business with China. The trend of banks in Hong Kong making positive efforts to promote their business with China is in the ascendant.

The article says: The cumulative outstanding total of the loans granted by Hong Kong's banking institutions to the hinterland increased from more than 100 million Hong Kong dollars in 1979 to 23.3 billion Hong Kong dollars at the end of 1987, growing at an average rate of 94 percent a year. Estimates state that in the next 2 years or so, the hinterland will continue to make greater efforts to raise funds through banks in Hong Kong. Judging from the long-term development, more forms will be adopted. Some new methods and forms adopted by international banking institutions in financial affairs and accommodating funds, such as the exchange between money and interest rate, the arrangement of funds when floating bills, and transferable syndicated loans, will also become familiar to and be widely adopted by China's hinterland. Judging from the short-term development, it is believed that the form of syndicated loan will continue to be the main stream. As to the lending priorities, since last year,

the banks have changed their past practice of giving priority to hotels and the tourist trade to giving priority to industrial and energy projects. In the past the syndicated loans prepared in Hong Kong, such as those for the construction of the Shajiao Thermal Power Plant in Shenzhen, the Pingshuo Coal Mine in Shanxi, and the extension project of the Panzhihua Iron and Steel Complex in Sichuan, were all enthusiastically supported by the banks in Hong Kong. It is believed that such projects will continue to be attractive to the banks. Apart from large-scale projects, there has also been a trend of increasing direct loans to medium and small enterprises over the past few years and a trend of providing small syndicated loans to such enterprises by several banks. The prospective borrowers are chiefly the export-oriented enterprises and the enterprises whose main task is to earn foreign exchange and to "substitute for imports with their products." On the question of making use of Hong Kong's securities market to raise funds through floating bonds or bills, Hong Kong may be a bit inferior in this respect compared with other major financial centers such as London and Tokyo, because its capital market is relatively small and its second market is still not brisk enough.

The article says that over the past year or so, the cooperation between the banks in the hinterland and Hong Kong has also been strengthened. Many hinterland banks have established agent relations and promoted their business with Hong Kong banks. In the past few years, they have also established some joint-venture banking institutions in the hinterland. Their cooperation in raising funds has been strengthened in even more fields. Last year, for example, the Construction Bank of China raised a syndicated loan of over \$150 million through Hong Kong for the construction of a 300,000-ton ethylene project in Shanghai. The loan for the extension project of Sichuan's Panzhihua Iron and Steel Complex under the sponsorship of the General Office of the Bank of China is also a good example of the cooperation between the banks in both areas. For another example, Kincheng Banking Corporation has helped the Shanghai branch of the Bank of China arrange the shifting of the right to provide a loan totaling \$150 million to five guest houses in Shanghai to some members of the Bank of China Group in Hong Kong. This is a new practice in their cooperation in the financial field. All this shows that the banks in both areas will further strengthen their cooperation in the future. The forms of cooperation will be more flexible and the prospects are good.

The article continues: Over the past 2 years, an increasing number of Hong Kong businessmen have invested in enterprises engaging in processing and assembling for export and compensation trade in China. In the wake of this, the fund-accommodation business of Hong Kong banks concerning those enterprises and trade will certainly be increased. Even those banks which mainly served local customers and did not take part in extending loans to the hinterland in the past will also directly or indirectly play certain roles in this respect. The accommodation of funds for the enterprises engaging in processing and assembling for export and compensation

trade will naturally become an indispensable link in Hong Kong banks' China business.

Finally the article points out: In the near future, as Hainan Island becomes a province and Guangdong Province further opens up to the outside world, the Zhujiang Delta will become more prosperous. This will provide Hong Kong's industrial and commercial circles and investors with a broader market and a good investment opportunity. The banks in Hong Kong will play a greater role in promoting their China business and promoting China-Hong Kong economic cooperation.

Prince Sihanouk Leaves Beijing for Pyongyang
OW 041338 Beijing XINHUA in English 1315 GMT
4 Apr 88

[Text] Beijing, April 4 (XINHUA)—Samdech Norodom Sihanouk, president of Democratic Kampuchea, and his wife left here this afternoon by train for Pyongyang.

Seeing them off at the station were Vice-Chairman of China's National People's Congress Standing Committee Ngapoi Ngawang Jigme and Democratic Kampuchean Ambassador to China Chan Youran.

Near East & South Asia

U.S., Pakistan Said Obstructing Afghan Peace
OW 041216 Beijing XINHUA in English 0728 GMT
4 Apr 88

["Soviet Foreign Minister Accuses Pakistan and U.S. of Being 'Non-Constructive'" — XINHUA headline]

[Text] Moscow, April 3 (XINHUA) — Soviet Foreign Minister Eduard Shevardnadze today accused Pakistan and the United States of adopting a "non-constructive" position in finding solutions to the Afghan War.

Speaking in a statement upon his arrival in Afghanistan today for a "working visit," Shevardnadze said if the indirect talks between the Soviet-backed Kabul regime and Pakistan in Geneva fail to produce an accord, there will be various options of action for Moscow and Kabul to take, according to the official Soviet News Agency TASS.

He said Moscow and Kabul are making all efforts in Geneva to complete an accord, but "unfortunately serious difficulties have developed at these talks because of the non-constructive position taken by Pakistan and the United States."

The Soviet Union invaded Afghanistan in 1979 and now about 110,000 Soviet troops are occupying that nation despite repeated worldwide calls for a complete withdrawal.

Soviet leader Mikhail Gorbachev announced in January that his country is ready to pull its troops out of Afghanistan by May this year if the Geneva talks could produce an accord.

Talks have been going on in Geneva between Pakistan, which the Soviet Union accuses of supporting resistance forces within Afghanistan, and the Kabul regime for a political settlement of the Afghan issue, but so far no agreement has been reached.

During his trip to Washington in March, Shevardnadze rejected a U.S. proposal that both the Soviet Union and the United States stop supplying military aid to either the Kabul regime or the guerrilla forces.

Shevardnadze said in his statement that during his visit, he and Kabul leaders will discuss and reach agreement "on various options of action in all their aspects in the event that the Geneva process fails to bring about the desired results."

He did not say what kind of options will be adopted, but the Soviet foreign minister told a Bulgarian newspaper last week that Moscow will withdraw its troops even if no accord is reached in Geneva.

USSR Views Kabul Options as Talks Deadlock

OW041230 Beijing XINHUA in English 0839 GMT
4 Apr 88

[Text] Islamabad, April 4 (XINHUA)—Soviet Foreign Minister Eduard Shevardnadze held talks with head of the Kabul regime Najibullah yesterday afternoon immediately after his arrival in the Afghan capital, according to reports reaching here today.

The reports gave no detail of Shevardnadze's talks with Najibullah.

The Soviet foreign minister's visit to Kabul came at a time when the current round of indirect talks on the Afghanistan issue in Geneva between Pakistan and the Kabul regime, under the auspices of the United Nations, has gone into a stalemate.

The Soviet Union and the United States, the two guarantors of a peace accord on Afghanistan, remain deadlocked on the arms supplies issue. Washington insists on continuing military aid to the Afghan resistance forces as long as Moscow's supplies to the Kabul regime forces continue.

In response to the U.S. insistence on arms supplies to the Afghan Muslim guerrillas, Shevardnadze had said recently that Moscow was determined to withdraw its troops from Afghanistan even if the Geneva talks failed and that this would be done on the basis of a separate Soviet-Afghan agreement.

Diplomatic sources here said that the Soviet foreign minister would likely be discussing such an agreement during his visit to Kabul.

Upon his arrival at the Kabul airport, Shevardnadze said that his talks with the Afghan leadership will focus on political settlement of the Afghanistan problem.

He blamed the attitude of Pakistan and the U.S. as "unhelpful." "It is necessary to look for alternatives," he said.

UN's Cordovez Optimistic on Afghan Settlement

OW041144 Beijing XINHUA in English 0204 GMT
3 Apr 88

Geneva, April 3 (XINHUA)—UN Mediator Diego Cordovez said here Sunday that a compromise settlement of the eight-year war in Afghanistan should be reached in Geneva, not in Washington or Moscow.

The UN Mediator's comments follow some recent press assertions that the solution to the Afghan issue can only be reached after U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze meet later this month in Moscow.

Cordovez said he disagrees with that position and that talk of a superpower agreement is intended to play down the significant role of the United Nations in the Afghan issue.

Cordovez, U.N. undersecretary-general for special political affairs, is mediating the U.N.-Sponsored indirect peace talks in Geneva between Pakistan and the Kabul regime of Afghanistan.

The latest round began on March 2, but has stalled over the issue of a transitional government for the wartorn central Asian country and on when foreign military aid to the two warring sides should end.

But Cordovez insisted that the negotiations were not stalemated and that all parties concerned were working to resolve the outstanding issues.

He predicted that the next week of negotiations will be crucial. Asked if that means there is a chance a final agreement can be reached next week, he replied: "Why not?"

East Europe

GDR Delegation Continues Talks in Beijing

Wu Xueqian Meets With Axen

LD050944 East Berlin ADN International Service
in German 0925 GMT 5 Apr 88

[Text] Beijing, 5 Apr (ADN)—Issues of the fight for peace and disarmament were at the center of an exchange of views which Hermann Axen, member of the Politburo and secretary of the SED Central Committee, conducted with Chinese Foreign Minister Wu Xueqian in Beijing today. The politicians underlined that for the implementation of this objective further steps in the direction of concrete disarmament were necessary.

Hermann Axen will have a meeting with Zhao Ziyang, general secretary of the CPC Central Committee in the course of the day.

Further on Axen-Qiao Shi Talks

LD041452 East Berlin Adm International Service
in German 1202 GMT 4 Apr 88

[Text] Beijing, 4 Apr (ADN)—A delegation of the SED Central Committee headed by Hermann Axen, member of the politburo and secretary of the Central Committee, arrived in Beijing today. The delegation has accepted an invitation from the Communist Party of China [CPC] Central Committee for talks on the development of friendly relations between the two parties. Bruno Mahlow, member of the SED Central Auditing Commission, and other leading Central Committee staff are members of the delegation.

During a visit to the center of the PRC's capital the delegation laid a wreath at the memorial for the heroes of the people. Extensive talks began on the same day with the CPC Central Committee delegation led by Qiao Shi, member of the Permanent Committee of the Politburo and secretary of the Central Committee.

The two sides noted with satisfaction that relations have been developing overall since the 1986 visit to China of Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, and the visit to the GDR in 1987 by Zhao Ziyang, general secretary of the CPC Central Committee. They have achieved a high level of flourishing cooperation.

With the meetings of the leading representatives of the two parties, it was stressed, a new stage has been launched in the relations, which are based on the rich traditions of friendship and which are characterized by mutual solidarity. The two sides underscored that such good relations between the SED and the CPC and between the GDR and the PRC serve the prosperity of the two peoples, the interests of socialism, and of peace. The two sides also affirmed the resolve of the two parties' leaderships to undertake all efforts in order to continue these efforts.

Hermann Axen spoke about the SED policy aimed at the prosperity of the people, strong socialism, and secure peace, as affirmed and developed at the 11th party congress.

Qiao Shi explained the introduction of the resolutions of the 13th CPC Congress according to the stipulations of the 2d meeting of the Central Committee of mid-March 1988. They aim, above all, at implementing the economic strategy, continuing consistently the reforms of the economic and political structures, and at strengthening the CPC's structure. The line designed by the CPC Central Committee in December 1978 has led to considerable results in all areas of social life and will apply during the early stages of the development of the Chinese Socialist character for a long time. Qiao Shi underscored that the preservation of world peace is the main objective of China's independent foreign policy.

The two delegation leaders assessed the treaty on the removal of shorter- and medium-range Soviet and U.S. missiles as a first real disarmament step. They expressed the hope that at the meeting between Mikhail Gorbachev and Ronald Reagan in Moscow, further steps toward disarmament will be agreed.

Hermann Axen and Qiao Shi also dealt with relations between the SED and the CPC and agreed on practical measures to extend them. The exchange of experiences on the building of socialism, it was stressed, is of great value. Each party is responsible to its own people for reacting in good time and flexibly to new challenges in accordance with national and international conditions. An agreement was reached to develop the exchange of delegations and experiences between both central committees as planned.

The delegations also held an exchange of opinions on questions concerning the international communist and revolutionary movement. They briefed each other on preparations for the 40th anniversary of the founding of the GDR and the PRC in October 1989.

In the evening Qiao Shi hosted a dinner in honor of the delegation led by Hermann Axen. In a toast the Chinese host stressed the traditional friendship between the two parties, states, and peoples. The Chinese communists have a high opinion of the GDR's successes in building socialism and of the SED's and comrade Erich Honecker's untiring efforts for and contribution to the maintenance of peace and detente in the international situation.

In his reply Hermann Axen paid tribute to the great progress made in socialist China under the leadership of the Communist Party.

The achievements of the workers in fulfilling the resolutions of the 13th party congress are impressive. The result-oriented cooperation of both parties directed toward the strengthening of socialist positions, which grew out of the time of the Long March and the revolutionary upturn, is being continued more strongly in building socialism.

Hermann Axen expressed his gratitude for the warm reception by the Chinese comrades and assessed the exchange of opinions started by the negotiations as extraordinarily valuable.

Delegation Returns From East European Tour

SK040100 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 2 Apr 88

[Text] After satisfactorily concluding its visits to the German Democratic Republic, Yugoslavia, and Poland, the Liaoning Provincial amity delegation headed by Vice Governor Wen Shizhen returned to Shenyang on 2 April.

During its sojourn in these three countries, the delegation participated in the ceremony to mark the opening of the China Liaoning hall at the (? Rhine) area international trade fair, signed an agreement on formally establishing friendship ties with the Croatian Republic of Yugoslavia, and held talks on developing friendship and cooperation ties with Rostock District in the German Democratic Republic and Katowice Voivodship in Poland. The delegation also exchanged opinions on developing economic, trade, and technological cooperation with leading comrades of the three countries' departments of foreign economic relations and trade and scored positive results in this regard.

Hungarian Technical Delegation Arrives

LD041825 Budapest MTI in English 1710 GMT
4 Apr 88

[Text] Beijing April 4 (MTI)—A Hungarian delegation, led by Pal Tetenyi, president of the State Office for Technical Development (OMFB), arrived in Beijing Monday. The delegation was met at Beijing Airport by Song Jian, leader of the Chinese State Scientific and Technical Committee.

Cargo Ship Delivered to Czechoslovakia

OW030239 Beijing XINHUA in English 1429 GMT
2 Apr 88

[Text] Beijing, April 2 (XINHUA)—China's National Machinery Import and Export Corporation has delivered a 7,000 DW cargo ship, the "Vltava" to Czechoslovakia, according to today's OVERSEAS EDITION of the PEOPLE'S DAILY.

Built by the Tianjin Xingang Shipyard, the "Vltava" was the first ship China has exported to an Eastern European country and also the first of four that China will export to Czechoslovakia, the paper said.

The ship has automatic steering systems and can tune into satellite communications.

The corporation has contracts on its order books for ships for Norway, Sweden, Cuba, Hong Kong, Singapore and Bangladesh.

Experts say that China has the potential to become one of the largest ship-exporting countries in the world.

NPC Presidium Holds Fourth Meeting 5 Apr

Wan Li Presides

OW051214 Beijing XINHUA Domestic Service
in Chinese 0847 GMT 5 Apr 88

[Text] Beijing, 5 Apr (XINHUA)—The Presidium of the First Session of the Seventh National People's Congress held its fourth meeting at the Great Hall of the People this morning. It approved a number of resolutions and draft decisions submitted to the NPC session for deliberation and adopted the draft list of candidates for various leading posts in state organs.

The meeting was presided over by Executive Chairman of the Presidium Wan Li. One hundred forty members of the Presidium attended the meeting.

Entrusted by the CPC Central Committee, Song Ping, member of the Political Bureau of the CPC Central Committee, explained to the Presidium the personnel arrangements made by the CPC Central Committee.

He said: The lists of candidates for the president and vice president of the state and the leaders of the NPC Standing Committee, the State Council and the Military Commission were put forward after exchanging views over a long period of time, carrying out full negotiations, soliciting views from all quarters extensively and studying issues in an comprehensive manner. He specifically discussed the lists of candidates for the leading posts in state organs as recommended by the CPC Central Committee.

After Song Ping's remarks, the meeting approved the draft list of candidates for the president and vice president of the People's Republic of China, chairman, vice chairmen, secretary-general and members of the NPC Standing Committee, chairman of the Central Military Commission, president of the Supreme People's Court and procurator-general of the Supreme People's Procuratorate. The Presidium will nominate the candidates and deliver the lists to the various delegations for deliberation.

Song Ping also explained the situation among the deputies who are deliberating the draft proposal of the State Council for its structural reform.

He said: Various NPC delegations have carried out earnest discussions on the proposal of the State Council on its structural reform. Some deputies suggested that the proposal of the State Council for its structural reform should be an issue to be decided by the congress. Article 5 of the Organic Law of the State Council stipulates: "The addition of new ministries and commissions under the State Council, and the abolition and merger of existing ones are decided by the National People's Congress on the recommendation of the premier or by the NPC Standing Committee when the National People's Congress is not in session." On the basis of this article, it

is suggested that the Presidium accept the aforementioned deputies' proposal and add this proposal to the agenda, to be resolved by vote at the NPC session on the morning of 8 April.

Song Ping said: When the various NPC delegations examined the proposal of the State Council for structural reform, the deputies had basically endorsed this proposal but also voiced some specific concerns. They disagreed specifically with the establishment of the Ministry of Transportation and the abolition of the Ministry of Railways and the Ministry of Communications. Taking into full consideration the views of the deputies, the State Council has agreed not to set up a ministry of transportation but will retain the Ministry of Railways, the Ministry of Communications and the Civil Aviation Administration of China.

He said: Some deputies held that the proposed structural reform was not a big enough step, and others pointed out that the establishment of several corporations will add one more administrative tier. The key to the current structural reform lies in changing the functions of government organs, with emphasis on economic managerial departments, to separate the functions of the government from those of enterprises gradually, reduce direct control, and enhance the function of macroeconomic regulation and control. Generally speaking, the current reform measures are only transitional. Because we lack experience, we need to review and improve them in practice.

Song Ping said: Some deputies have called for streamlining and abolishing nonpermanent organs. This is a very good proposal. The State Council currently has 75 nonpermanent organs staffed by more than 500 people. We plan to abolish 40 of them during the current reform, while 13 others will be retained because of work requirements but will operate without administrative bodies. Thus, a total of 53 nonpermanent offices, or 70 percent, will be dismantled altogether. The remaining 22 nonpermanent organs will remain, together with their administrative bodies. No specific explanations on them were given at the previous meeting because they are not permanent organs of the State Council.

He said: Some deputies pointed out that abolishing the Ministry of Urban and Rural Construction and Environmental Protection will weaken environmental protection work. As a matter of fact, leadership over environmental protection will be strengthened following the abolishment of that ministry. This is because after the change, the State Council will retain its Environmental Protection Committee, and the Environmental Protection Bureau previously under the Ministry of Urban and Rural Construction and Environmental Protection will be elevated to become an independent bureau directly under the State Council.

At today's meeting, the Presidium decided to distribute the printed copies of the draft resolution on the Government Work Report to all delegations for discussion. The draft will be sent to the Congress for deliberation after it is revised in accordance with the suggestions of various delegations and approved by the Presidium. The Presidium also decided to revise the agenda so that the Congress will separately consider and approve the State Council restructuring plan.

The meeting approved a draft decision concerning the proposal of the State Council for its structural reform, a draft resolution on the 1988 Plan for National Economic and Social Development, and a draft resolution on the implementation of the 1987 budget and on the 1988 budget. The meeting decided to distribute the printed copies of these draft decisions and resolutions to various delegations for discussion and to submit the drafts to the congress for deliberation and approval.

Chen Muhua, chairwoman of the NPC Financial and Economic Committee, delivered the committee's examination report on the implementation of the 1987 State Budget and the State Budget for 1988. She said that the committee held two meetings to examine the report on the implementation of the 1987 State Budget and the State Budget for 1988 delivered by Wang Bingqian on behalf of the State Council. She suggested that the congress approve Wang Bingqian's report and the 1988 budget proposed by the State Council. The meeting approved her report.

A circular of the CPC Central Committee concerning the rehabilitation of Bainqen Erdini Quoigyi Gyaincain was read out at today's Presidium meeting, and at the proposal of the CPC Central Committee, his rehabilitation was publicly announced.

Approves Various Draft Decisions

OW050945 Beijing XINHUA in English 0921 GMT
5 Apr 88

[Text] Beijing, April 5 (XINHUA) — The Presidium of the First Session of the National People's Congress approved a draft list of candidates for various leading posts at its fourth meeting here today.

Presided over by Presidium Executive Chairman Wan Li, the meeting decided to submit a draft decision concerning the Government Work Report to the 31 NPC delegations for deliberation.

The Presidium will revise the draft decision according to the opinions of the delegations, and then approve it before submitting it to the congress for deliberation.

The draft list of candidates, to be deliberated by the delegations, includes the president and vice-president of the state; the chairman, vice-chairmen, secretary-general and members of the NPC Standing Committee, the

chairman of the Central Military Commission, the president of the Supreme People's Court, and the procurator-general of the Supreme People's Procuratorate.

According to legal procedures, the president of the state will nominate the candidate for the premier of the State Council, who will in turn nominate candidates for other members of the State Council, while the chairman of the Central Military Commission will nominate candidates for other members of the commission.

To facilitate over-all deliberation by the deputies, Wan Li said, a list of the candidates for above posts, proposed by the Communist Party Central Committee, will be distributed among the delegations simultaneously.

Song Ping, head of the Organization Department of the Communist Party Central Committee, made an explanation at the meeting about the personnel arrangements.

The Presidium meeting also approved a draft decision concerning the proposal of the State Council for its structural reform, and decided to submit it to the congress for deliberation. Song Ping also gave an explanation on the matter.

The meeting approved a draft decision on the 1988 Plan for National Economic and Social Development, heard an examination report by Chen Muhua, chairwoman of the NPC Financial and Economic Committee, on the implementation of the 1987 State Budget and the (?Draft State) Budget for 1988. It approved a draft decision concerning the implementation of the 1987 budget and the 1988 budget. The draft decisions and the examination report will be submitted to the congress for deliberation.

A circular was read out at today's meeting. The circular, issued by the Communist Party Central Committee on March 10, concerns the rehabilitation of Bainqen Erdini Quoigyi Gyaincain. It proposes that a decision on the rehabilitation be read out at the First Session of the Seventh NPC. The decision was jointly made last January by the United Front Work Department of the CPC Central Committee, the CPC Tibet Autonomous Regional Committee, the Tibet Autonomous Regional People's Congress Standing Committee and the Regional People's Government.

The NPC delegations started deliberating the draft lists of candidates this afternoon.

Hears Ideas for State Council Revision

OW050956 Beijing XINHUA in English 0937 GMT
5 Apr 88

[Text] Beijing, April 5 (XINHUA)—China will not set up a combined ministry of transportation as projected in the proposal for restructuring the State Council, but will retain the existing Ministry of Railways, the Ministry of Communications and the Civil Aviation Administration of China.

This announcement was made by Song Ping, state councillor and executive chairman of the Presidium of the First Session of the Seventh National People's Congress (NPC), at the Presidium's fourth meeting here today.

Explaining matters concerning the proposal for restructuring the State Council examined by various NPC delegations, he said that the State Council has taken note of the different views of NPC deputies and decided not to set up the projected new ministry but to retain the existing two ministries and administration.

After the change, the number of ministries and commission of the State Council will only be reduced from the present 45 to 41.

Some deputies had aired the view that the State Council has not taken a big enough step in its restructuring program. Some other deputies had said that the establishment of corporations will add one more administrative tier.

Song Ping explained that the key to the current restructuring program lies in changing the functions of government organs, with emphasis on economic managerial departments, in order to gradually separate the functions of the government from those of enterprises, reduce direct control and enhance the function of macro-economic regulation and control.

In short, the present restructuring is only transitional, and it will be perfected with the accumulation of experience, he told the meeting.

Some deputies had called for streamlining and abolishing non-permanent institutions. "This is a very good proposal," he said.

At present, the State Council has 75 non-permanent institutions staffed by 500 people. It plans to abolish 40 of them while 13 others will be retained but will not set up administrative bodies, he said, adding that the 22 other such institutions will remain together with their working bodies.

As these institutions are not permanent organs of the State Council, no specific explanations were given at the previous meeting, Song Ping explained.

Some deputies had voiced the view that the abolishment of the Ministry of Urban and Rural Construction and Environmental Protection will weaken efforts in environmental protection.

As a matter of fact, Song explained, following the abolishment of that ministry, the Environmental Protection Committee under the State Council will be retained, while the Environmental Protection Bureau of the Ministry will be elevated to be a bureau directly under the State Council with the aim of strengthening leadership over environmental protection.

State Council Official Views Draft Enterprise Law
OW050814 Beijing XINHUA in English 1252 GMT
4 Apr 88

[Text] Beijing, April 4 (XINHUA) — The State Council will draw up a dozen regulations and rules within the year for the implementation of the law on industrial enterprises owned by the whole people if it is ratified at the current first session of the Seventh National People's Congress (NPC).

This was disclosed today by Sun Wanzhong, director of the State Council's Bureau of Legislative Affairs, in an interview with XINHUA.

He said the regulations and rules, some of which are already being drafted, are designed to facilitate the implementation of such articles in the enterprise law as those on contracting, leasing, the share-holding system, ban on extortion and improper competition, and property assessment.

Sun, a NPC deputy, said he is confident the draft enterprise law will be approved at the current NPC session as it has been extensively examined and revised in the past nine years.

The 68-article draft law prescribes directors' central position in enterprises, party organizations' role of supervision and enterprises' right to dispose of the property according to law, Sun said, adding that these issues have been hot topics of discussions.

Over the past few years, he said, the State Council has conducted extensive investigations and tried them out in six Chinese cities.

China has some 90,000 enterprises owned by the whole people, which annually produce 70 percent of the country's total industrial output value.

Sun, who has participated in drafting the enterprise law, said that care has been taken to define the status and role of the Chinese Communist Party organizations and the decisionmaking process.

He said the director responsibility system under the leadership of the party organization cannot meet the needs of the modernized production.

He said China's legislation, which is believed to be behind the progress of economic reform, should be strengthened.

NPC Deputies Continue Discussions, Suggestions

Stronger Role for NPC Urged

OW041522 Beijing XINHUA in English 1439 GMT
4 Apr 88

[Text] Beijing, April 4 (XINHUA) — Deputies from the Inner Mongolia Autonomous Region to the Seventh National People's Congress (NPC) have urged the NPC and its Standing Committee to better supervise the implementation of laws and the work of government organs.

He Jian, assistant research fellow from the Inner Mongolia Academy of Livestock Breeding Sciences, said although the NPC is China's highest legislative body, it was in the past known as a "rubber stamp" and a "hand-raising machine".

One reason for this is that the NPC has not performed its supervisory function as prescribed by China's Constitution.

According to a provision of the Constitution, the NPC and its Standing Committee have the right to oversee the work of the State Council.

Sejilapeng, chairman of the Baotou City People's Congress, said that there are still many problems in the implementation of the law on autonomy in regions inhabited by minority nationality people, although that law was promulgated four years ago.

When examining the implementation of that law, the NPC usually sent officials to areas inhabited by minority nationality people, to the neglect of the work of central departments.

He noted that the annual NPC session is usually held in March, and the government annual budget is submitted to the NPC for deliberation after it has been implemented for three months.

"As a result, NPC deputies can hardly alter the budget although they may have different views on it," he said.

Tang Sixiao, deputy chief engineer from the Baotou Iron and Steel Company, proposed that after the current session is over, the NPC Standing Committee set up a committee to supervise the implementation of laws and government work.

She also proposed that the NPC Standing Committee formulate as soon as possible regulations concerning the work of people's deputies, under which every deputy will be able to exercise his or her supervisory powers.

Shanghai Deputies Hear Qiao Shi

OW041451 Beijing Xinhua Domestic Service
in Chinese 1602 GMT 2 Apr 88

[By reporter Xu Yaozhong]

[Text] Beijing, 2 Apr (XINHUA) — At the joint-group meeting of the Shanghai delegation today, Deputy Qiao Shi pointed out in a speech: The issue of party style has a definite bearing on whether our party can stand the tests of reforms, and opening up and being in power, and has a definite bearing on the life and death of the party. We must be determined to improve party style.

The Shanghai delegation held its joint-group meeting today at the Shanghai Room of the Great Hall of the People. During the meeting, many deputies aired their views on the issue of party style. Some of them underlined the prevailing problems of party style. Others voiced their concern over the irregularities in party style. Several made positive proposals on improving party style.

Qiao Shi said: I agree fully that the party must earnestly seek to improve its style all the way from the top to the bottom.

Qiao Shi said: In order to improve party style, we must get rid of all corrupt and incompetent elements. Once the boundaries are set, we must remove whatever corrupt and incompetent elements are found. There will be no backtalk on this matter. Action must also be taken against party members guilty of extortion, bribery, and violation of laws and discipline. These problems warrant attention, but on the whole the proportion of party members guilty of these offences is minuscule. The vast majority of our party members are good. It is clear for all to see that since the 3rd Plenary Session of the 11th CPC Central Committee party style has improved.

Qiao Shi said: Improvement of party style needs a relatively long period of time. Because our party is the party in office, improvement is relatively difficult. We must be prepared for a long journey. It is not that we want to prolong the period, but that it is impossible to do so within a short period.

Li Ruihuan, Hu Qili, Tianjin Deputies Meet

OW041256 Beijing Domestic Service in Mandarin
1100 GMT 29 Mar 88

[Speeches given by Li Ruihuan and Hu Qili at 29 March meeting with Tianjin NPC deputies held to examine Acting Premier Li Peng's Government Work Report]

[Excerpt] [passage omitted] Deputy Li Ruihuan said: [begin Li recording] I want to talk about one issue. We support Comrade Li Peng's report; it is a very good one. What I want to say is this: The key issue in implementing the guidelines in this report is one of how to approach the masses. We must make earnest efforts to study how

to mobilize and rely on the masses. I think this is an issue of fundamental importance, one that has great influence on the success or failure of [word indistinct] work.

Where are our advantages? Where does our power come from? Where are the sources of our wisdom and the courage to surmount difficulties and uphold principles? They are all here. Thus, whether we can fully arouse the masses' initiative and give full scope to them is the key to whether we can implement the guidelines in the report. No matter what kinds of reforms we are going to carry out and no matter what [words indistinct], we cannot go against the guideline of relying on the masses, who are the masters of history.

In my opinion, certain things cannot be readily accepted by the masses. But even if they are wrong, even if they are not completely correct, we must wait. Our principle should be that of educating the masses and educating them politically [words indistinct] in accordance with the masses' political consciousness. [sentence indistinct] If you were to ask me to solve this problem, I don't know how I could explain this clearly.

The issue of commodity prices has become taboo, or an issue that can be discussed only behind closed doors. While the masses have much to complain about concerning commodity prices, the leading authorities also admit that commodity prices are a problem. Although no one is willing to see commodity prices keep going up, and the leading authorities also say they will think of a way to keep commodity prices from rising, the prices still keep going up. [sentence indistinct] Since nobody wants to see commodity prices rise, they should not have gone up. [sentence indistinct]

People hold different views on this issue and they cannot accept certain things readily [words indistinct]. If the Marxist theory is correct, then [words indistinct] certainly can succeed. [passage indistinct] I pay a higher price for my eggs, why can't I raise my milk price too? If I do not, I cannot survive! Basically our cadres [words indistinct]. All [word indistinct] commodity prices [words indistinct] people who do economic work [words indistinct] we cannot say all people—only a considerable number of people—complain about rising commodity prices [words indistinct]. So I said if people in the upper and lower departments have a consensus of views [words indistinct] and this is what the masses have complained so much about. [words indistinct] so that the masses will not be victimized in both theory and practice [words indistinct].

We must respect the masses' master status in history and believe that the masses can influence the historical process [words indistinct]. I think this is a very important requirement. So I think that in the process of earnestly implementing Comrade Li Peng's report, we must make some effort to study how to trust the masses and rely on their wisdom and strength in combatting and solving problems [words indistinct].

This is what I wish to say [words indistinct] where are the criteria for distinguishing right and wrong? What is the basis for [words indistinct]. The CPC has a whole set of theories for such issues. This is my view and my feeling on studying Comrade Li Peng's report [words indistinct]. It can also be regarded as a suggestion from me, a deputy representing the central organs to the NPC. [end Li recording]

Deputy Hu Qili said: [begin Hu recording] I fully agree with what Comrade Li Ruihuan has just said about the people being the masters of history. All our policies are formulated with the objective of satisfying the people's material and cultural needs. These policies are for the people, and thus they must be carried out with the help of the people. If we can really mobilize the masses' initiative and bring it into full play, the potential cannot be overestimated, and we will certainly be able to attain our goal.

Coming from the masses and going to the masses is a tradition of our party. Democratic centralism has also been our tradition. This means that we should have centralization on the basis of democracy and have democracy under the guidance of centralization. Comrade Xiaoping recently said that our system is still one of democratic centralism. This is a dialectical historical viewpoint that is certainly correct.

The issue now is how we are going to mobilize the masses' initiative and give them proper guidance while we promote a planned socialist commodity economy, and following the commodity economic development and the changes that have taken place in our socioeconomic foundation. This is a new issue involving the restructuring of our government institutions as well as our socialist democratic system.

Just what kind of socialist system with Chinese characteristics are we going to institute in order to attain this goal? Can we resort to mass movements as in the past? No. We can no longer do such things as mobilize the masses to carry out a mass movement. The situation today is much more complex than in the past. It is no longer simple. If we want to see our development proceed in stability, our reforms (?succeed), and our methods [words indistinct], we will need the masses' understanding and support. How to rally the masses so that they will have a consensus of views and take concerted action to combat all the problems and complexities that we will confront in the future is a severe test for us.

I fully endorse Comrade Li Peng's report, which was approved by the Standing Committee of the CPC Central Committee Political Bureau after it was repeatedly discussed in the Political Bureau. The report has the support of everyone. It represents the collective thinking and plans of the leading authorities. It seems that the report has had very favorable responses from people at home and abroad. People say that it is a solid report, showing courage and confidence in carrying out reforms

and opening to the outside world. It is totally in line with the strategic thinking, general principles, and lines set by Comrade Ziyang [corrects himself] — Comrades Xiaoping and Ziyang — and it reflects their guidance. While the general response is good, achieving the goals set in the report will not be easy. According to my estimation, there will be even more drastic changes [gen jia ju lie di bian hua] in China in the next 5 to 10 years. But as long as we do our work reliably, we will see significant development. This requires us to work hard with one heart and one mind.

We should also be ready for mistakes. We hope we will not make big mistakes, but small mistakes will be inevitable. How are we going to surmount difficulties? The issue of commodity prices [Hu laughs] that Ruihuan talked about a while ago will be a severe test for us. It will be a severe test, and an important problem.

Well, that is all I wish to say. [end recording]

Henan Group Denounces 'Special Relations'

OW021337 Beijing Domestic Service in Mandarin
1030 GMT 31 Mar 88

[Text] During the course of examining Acting Premier Li Peng's Government Work Report, deputies of the Henan delegation heatedly discussed spiritual construction and strongly criticized the corrupt way of doing business in some departments.

Deputy Yao Minxue said: Like a strong corrosive, special relations have eaten away certain branches of some departments. In the past, people who wanted to buy popular goods in short supply depended on special ties and purchased them through the back door. In some places today, if people who want a promotion, to work in a certain unit, or move into a housing unit, they must depend on people who have special relations. In some cases, even routine businesses cannot be accomplished without special relations. Such relations include nepotism, the traditional sectarianism, cronyism, and business ties based on money, food, and drink. Merged into a combined force, these special relations have infiltrated into our power organs. Consequently, official approval is not as important as prestige, and principles are not as effective as gifts.

Deputy Du Shichen said: Such irregularities have also affected the judicial departments. Some criminals, after being seized and delivered to the police by the masses, are promptly released through the back door even before the arresters have left the police station.

Deputy Chen Weigao said: Special relations are, in fact, a paper tiger. We should ignore their harassment and not yield to them. We must have the courage to break the network of special relations and implement party policies. We must firmly punish lawless people sheltered by special relations.

Discuss Farmers, Miners Problems

OW050819 Beijing XINHUA in English 1107 GMT
4 Apr 88

[Text] Beijing, April 4 (XINHUA) — A women deputy from south China's Guangdong Province to the National People's Congress (NPC) has called on the government to pay attention to problems with farmers.

Wu Shengying, an orange grower with an annual income of over 30,000 yuan in Haikang County, said in a panel discussion that although the living standards of farmers have been raised, their enthusiasm for farming has been affected in recent years.

"This is caused, among other factors, by the shortage of fertilizer, insecticide and diesel oil and increases in their prices as well as the low grain purchasing prices," she said.

"Nowadays, we farmers are overburdened with investment in water conservancy projects, children's education and remunerating village officials," she added.

Wu, who has been elected a deputy to the NPC for the first time, said that her fellow villagers have placed great hopes on the NPC session. They asked her to convey their views to the nation's highest legislature.

Du Yuejian, a deputy from the Quren Mining Administration in Guangdong Province, was more concerned about the development of the country's mining industry.

He brought with him a proposal asking for more special policies towards the coal industry of Guangdong Province. He has been trying hard to persuade more deputies to sign the proposal to make it a motion for the current NPC session.

Wu, a model coal miner who is also a NPC deputy for the first time, said that his mine has been suffering losses and receiving subsidies from the state for years because of the irrational price for coal.

"This is not conducive to the development of the country's coal industry and has dampened the enthusiasm of coal miners for production," he added.

JINGJI RIBAO Views People's Reactions to NPC

OW041238 Beijing XINHUA in English 0859 GMT
4 Apr 88

[Text] Beijing, April 4 (XINHUA)—More comments aired by common people on the current sessions of China's National People's Congress (NPC) and the National Committee of the Chinese People's Political Consultative Conference were carried in the ECONOMIC DAILY newspaper today.

A Beijing University teacher named Zhang called to say that the proportion of education allocations in the national budget should be raised to at least the same level of most other countries. A school should devote its attention to teaching and not to business operations to improve the living standards of teachers.

A government employee expressed the same view and said that Vice-Minister He Dongchang of the State Education Commission contradicted himself by saying a school principal should devote himself to teaching and also pay attention to offering paid services to ease the shortage of education funds. "The lack of education funds may affect the country's drive for modernization," he warned.

Wu Yunquan, from an institute of the Chinese Academy of Agricultural Sciences, said that during a recent trip to Huayuan County of Hunan Province, he found farmers there had not yet received aid from the government [word indistinct]. He called on departments concerned to solve this problem.

Zhang Guoqiang and Sun Kai of Fucheng County, Hebei Province, said that peasants in their county wanted the NPC deputies to know that grain production is no longer a very profitable undertaking. Chemical fertilizer is now hard to buy and the supply of electricity for farming is very unstable.

He Jingrei from Chifeng City of the Inner Mongolia Autonomous Region sent a cable to say the National People's Congress should initiate a drive to teach people about taxation since there are tax evasions.

Huang Yongfu of a Chinese medicine factory in Chongqing, proposed in a cable to set up a system to supervise deputies so that people can know how many motions their deputies have proposed and how many of them have been accepted.

A student in an auditing class of the Beijing Institute of Commerce suggested reforming the auditing system. He said the local auditing departments should be put under the administration of auditing departments at a higher level instead of local governments so that their functions are not restricted.

A middle school student in Beijing said that although the NPC has formulated many laws, there are still problems in enforcing them. What should be dealt with according to law should not be handled by administrative and party disciplinary measures.

CPPCC Presidium Approves Electoral Procedures
OW050024 Beijing XINHUA Domestic Service
in Chinese 0732 GMT 4 Apr 88

[Text] Beijing, 4 Apr (XINHUA) — The draft namelist of candidates for the election of chairman, vice chairmen, secretary general, and Standing Committee members of the Seventh CPPCC National Committee was

examined and approved by the Presidium of the First Session of the Seventh CPPCC National Committee today. The namelist will be submitted to the session for discussion by the CPPCC National Committee members attending.

It has been learned that the draft namelist contains 30 candidates for the election of chairman, vice chairmen, and secretary general and 309 candidates for the election of Standing Committee members of the Seventh CPPCC National Committee.

The Presidium held its second meeting, with Executive Chairman Li Xiannian presiding, in the CPPCC Auditorium this morning. The meeting also approved the electoral procedures for the First Session of the Seventh CPPCC National Committee.

According to the electoral procedures, the First Session of the Seventh CPPCC National Committee will adopt the method of secret ballots for its elections. There will be the same number of candidates as there are posts for the election of chairman, vice chairmen, secretary general, and Standing Committee members. All candidates must have the votes of more than half the entire membership (2,081 members) to be elected.

Yan Mingfu, member of the Secretariat and director of the United Front Work Department of the CPC Central Committee, explained the deliberations and consultations held for the draft namelist of the Seventh CPPCC National Committee chairman, vice chairmen, secretary general, and Standing Committee members and the composition of the various candidates on the namelist.

Zhao Weizhi, deputy secretary general of the current session and leader of the election group, explained the method of election.

The Presidium meeting also conducted heated debate on whether to add abstention to the voting procedure and finally decided, with three votes against, to have only only two choices — to agree or disagree — in the voting procedure.

Others present at the meeting were Wang Renzhong, Fang Yi, Gu Mu, Yang Jingren, Kang Keqing, Pagbalha Geleg Namgyai, Hu Ziang, Qian Changzhao, Zhou Peiyuan, Wang Guangying, Deng Zhaoxiang, Zhao Puchu, Qu Wu, Ma Wenrui, Liu Jingji, Wang Enmao, Qian Xuesen, Qian Weichang, Hu Sheng, Sun Xiaocun, Cheng Siyuan, Qian Zhengying, Su Buqing, and Ismail Amat, executive chairmen, and Zhou Shaozheng, secretary general, of the Presidium of the session.

'Heated Discussion' on Abstention Issue
OW050526 Beijing XINHUA Domestic Service
in Chinese 1236 GMT 4 Apr 88

[Report by XINHUA reporters Zou Aiguo and Cong Yaping: Should Abstentions Be Included in the CPPCC Electoral Procedure? — Discussions Held at a Presidium Meeting of the CPPCC Session]

[Text] Beijing, 4 Apr (XINHUA) — "Should abstentions be included in the CPPCC session's electoral procedure?" There was heated discussion over this issue at this morning's meeting of the Presidium of the CPPCC session.

Zhou Shaozheng, secretary general of the session, explained: Our electronic computer system used for calculating election returns can only handle "yes" and "no" votes. I wish to call the attention of Presidium members to the fact that since our computer system was not designed to handle "abstentions," we would have to manually calculate election returns if "abstentions" are allowed, and election results would not be available until 3 hours after ballots are cast.

"I am not in favor of abstentions in the electoral procedure," said member Wan Guoquan, who was the first to voice his view. "The namelist of candidates for chairman, vice chairmen, and secretary general of the CPPCC National Committee and members of its Standing Committee was worked out after repeated deliberations and consultations. They must get the votes of over half the membership to be elected. The main purpose of election returns is to see if candidates are approved or disapproved. From the viewpoint of time required to calculate election returns, we will have to wait some 3 hours if there are abstention ballots. It is also unnecessary to include abstentions in the electoral procedure."

"I disagree!" Member Tian Maijiu took over the microphone and said: "Abstentions also represent a kind of attitude — the attitude of neither approval nor disapproval. Elections should not be dealt with merely from the viewpoint of time."

Member Li Yuanchao stood up and said: "I approve of abstentions in the electoral procedure. If we are not allowed to cast an abstention, it would have a bad effect on democratic elections."

However, member Yu Zhan disagreed with this. He said: "We should not only stress democracy but also pay attention to efficiency. Abstentions will not affect a candidate's success or failure in elections. In my opinion, it is better to use computers to calculate election returns."

"Let me say something," said member Li Shengzhong. "We will be holding elections with the number of candidates equal to the posts to be filled. A candidate must get more votes than half the membership to be elected. There is no need to count negative votes or abstentions. Since our computer system was not designed to handle abstentions, we can, of course, simplify our electoral procedure. This will save time and produce the same results."

So the discussion unfolded, and members spoke one after another. Member Huang Keli said: "I favor this opinion."

Member Lei Tianjue said: "An abstention has the same effect as a negative vote. Both mean disapproval."

"I wish to express two opinions," said member Zhang Chunnan. "In elections, if anything can carry forward democracy, we should do it no matter how much trouble is involved. We should not reject something for fear of trouble. This is my first opinion. My second opinion is that the main purpose of elections is to find out how many people approve. Abstentions and disapproval have the same effect. There is no need to include abstentions in the electoral procedure."

Member Ma Haide said: "The namelist of candidates was worked out after repeated consultations. A negative vote and an abstention have the same effect because neither expresses approval of a candidate."

"It would be meaningless to cast an abstention," said member Li Renlin. "Our namelist of CPPCC candidates was finalized after full consultations with various parties and organizations. It manifests the greatest extent of democracy."

"Members should be allowed to cast ballots of abstention," said member Wang Guangmei, who disagreed with the above opinion. She said: "Those who want to show neither approval nor disapproval should be allowed to cast ballots of abstention. We may set up a special box for such ballots so that the computer can be used in calculating the election returns."

The members vied with each other to voice their views. Finally, Li Xiannian, permanent chairman of the Presidium, who was presiding over the meeting, said: If there are no other opinions, the issue should be put to vote.

Of the more than 200 Presidium members attending the meeting, most approved by a show of hands that only two votes — positive and negative — should be included in the electoral procedure. Only three members raised their hands to show that they were in favor of the inclusion of abstentions in the electoral procedure.

In conclusion, Li Xiannian said: "In line with the majority opinion, abstentions will not be included in the electoral procedure."

The Presidium meeting ended. While leaving the meeting hall, many members still talked about the issue. One said: "This is fine. Without abstentions, time can be saved." Another said: "Even the computer cannot catch up with the rapidly developing situation. However, I believe the 'abstention' process will soon be put into the computer."

Yan Mingfu Explains Namelist

OW050222 Beijing XINHUA Domestic Service
in Chinese 0807 GMT 4 Apr 88

[Text] Beijing, 4 Apr (XINHUA)—Yan Mingfu, member of the Secretariat and director of the United Front Work Department of the CPC Central Committee, explained the namelist of candidates for the the Seventh CPPCC National Committee chairman, vice chairmen, secretary general, and Standing Committee members at the second meeting of the First Session of the Seventh CPPCC National Committee held this morning.

He said: The namelist of candidates for the national committee's chairman, vice chairmen, secretary general, and Standing Committee members recommended to the First Session of the Seventh CPPCC National Committee by the CPC Central Committee has been formulated after extensive canvassing of ideas of various quarters through long deliberations and full consultations and making comprehensive study.

He said: The proposed namelist constitutes a major component part of the overall personnel arrangements made at the 13th CPC National Congress. Following the 13th CPC National Congress, the CPC Central Committee made extensive efforts to solicit opinions on the proposed candidates for the principal leading positions of the state and the CPPCC from the various democratic parties, nonparty patriots, various mass organizations, and personages of various other circles. Serious discussions were held again at the 2d Plenary Session of the 13th CPC Central Committee. The session made individual adjustments to the proposed namelist, thereby making the overall personnel arrangements still more reasonable.

Yan Mingfu said: At the 2d Plenary Session of the 13th CPC Central Committee, Comrade Zhao Ziyang said: "For the purpose of realizing the goal of a younger leadership core for the state and the party, providing an organizational guarantee that the line of the 3d Plenary Session of the 11th CPC Central Committee will be continued, and eliminating the practice of life tenure for leading posts, the Political Bureau of the 12th CPC Central Committee, particularly Xiaoping, Chen Yun, Xiannian, and other revolutionaries of the older generation, racked their brains with circumspection and far-sightedness. On the basis of broad consultations, they decided that the 'three elders,' namely, Deng Xiaoping, Chen Yun, and Li Xiannian, after consulting amongst themselves, will go into semiretirement and that the 'four elders,' namely, Peng Zhen, Deng Yingchao, Xu Xiangqian, and Nie Rongzhen, will go into complete retirement; they proposed candidates for the corresponding vacancies. This was a strategic policy decision having a bearing on China's long stability. It has won universal support inside and outside the party. Overseas Chinese and world public opinion have also praised this decision

highly, noting that it is unprecedented in any socialist country to so smoothly and appropriately solve the supersession of party and state leaders.

Yan Mingfu said: The CPC Central Committee holds that the proposal made by it now on the candidates for the principal leading posts of the CPPCC National Committee embodies multiparty cooperation and the great unity of the people of all nationalities of China under the CPC leadership. It is conducive to stability and unity; to bringing about peaceful reunification of the motherland; to accelerating the implementation of the policies of reform and opening to the outside world and the building of material and spiritual civilizations; and to perfecting socialist democracy and the legal system and consolidating and broadening the patriotic united front.

He said: Thirty candidates have been proposed for the election of chairman, vice chairmen, and secretary general of the Seventh CPPCC National Committee, and 309 candidates have been proposed for the election of members of its Standing Committee. He said: The personnel changes will affect 47 percent of the chairman and vice chairmen of the Sixth CPPCC National Committee. In view of the actual situation of the CPPCC National Committee at present, this arrangement is deemed appropriate. Among the candidates for vice chairmen, 13 are CPC members, 15 represent the democratic parties, the All-China Federation of Industry and Commerce, and nonparty patriots. There are also representatives of minority people and women.

On the composition of the Standing Committee of the Seventh CPPCC National Committee, Yan Mingfu said: Among the over 300 proposed candidates, 109, or 35.3 percent, are CPC members, and 200, or 64.7 percent, are representatives of the democratic parties, the All-China Federation of Industry and Commerce, and nonparty patriots. Forty-six, or 14.9 percent, are representatives of minority nationalities. All of the 15 minority nationalities, which each have over 1 million people, are represented. Thirty, or 10 percent, are females. Overall, the composition proportions are basically reasonable.

Commentator Urges Ban on 'Compulsory' Gifts

HK041225 Beijing GUANGMING RIBAO in Chinese
19 Mar 88 p 1

[Commentator's article: "Stop the Practice of Asking for Gifts in Various Trades"]

[Text] The unhealthy trend of compulsory donations of gifts or money is all the rage in practically every occupation and department in Chinese society. This should rouse our attention.

The manifestation of such malpractices in various occupations is chiefly the abuse of power, which the employees regard as a means to trade with their clients. Hence their canon: No donations, no go. Without them, in any

form, one's required service will either be delayed or checked under whatever pretext, and things that could be done turn sour. For example, a patient could never dream of getting just the right kind of medicine or a hospital bed without first presenting his doctor with some good-quality wine or cigarettes. A new film is running at a movie house but should the manager forget a few free tickets for the power supply station, one of these days he can expect a sudden power cut, and nobody is going to see the film. Drivers have to send gifts to traffic police to avoid having their licences confiscated; of course, when the latter is satisfied with the gifts, anything in the truck goes "without going to the trouble of any checkup." A new building on the construction site is completed not without tremendous efforts, but if any one of those who are lucky enough to be allotted to one of those units in the new building should forget to "send some little tokens" to the water supply and gas companies, he will have to wait months or a year before he can eventually call it a home with normal supplies of water and gas. Even some writers have to "present gifts" to the publishers, or they can never expect their masterpieces to be carried in the press. Such practice has become so far-gone that people sum up the situation as "no presents bring no action and no heed," and "anything goes with presents; nothing can be done otherwise."

China has a good reputation for being "a nation of protocol." The Chinese people have always regarded the principle "courtesy demands reciprocity" as a basic etiquette. However, such "courtesy" in the form of presents is a demonstration of friendship and feelings between relatives and friends, as a token of friendship on a voluntary basis, but today's practice of compulsory donations arises from abuse of power by employees in various occupations, and is a means of disguised extortion from one's clients or customers. With rare exceptions the majority are forced into such practice. Some people find it disgusting but they have to go along with the tide because nothing can be done without first sending gifts. To others, impoverished as they are, they are compelled to borrow money, doing their best to find some good-quality wine and cigarettes to establish some ties; besides they will end up with greater losses if they should fail to send some gifts. The danger of such compulsory donations is great, for it has seriously corrupted the ideology of workers and staff in various occupations as well as workers in state organs, damaged all rules and regulations in our work, intervened with the normal progress of all items of professional work, and caused a heavy psychological and material burden for the masses. The practice has turned normal work and business relations into a mere exchange of goods or materials, which have become the key to deciding whether a deal can be made or not. The masses hate and abhor this practice. But they also feel that they, as individuals, are too weak to fight against this social evil, which has marred and will further damage the image of the government.

In order to stop the practice of asking for gifts the leadership in various occupations must start from the

characteristics of their own trade, draw up measures, and complete and perfect rules and regulations. The leadership should require its cadres, workers, and staff to handle affairs strictly according to rules and regulations. They should firmly handle those affairs in conformity with policy and procedures, and flatly reject those otherwise even with the offer of loads of gifts. If affairs that should be handled are found not to have been dealt with because of unfulfilled donations, such cases should be criticized severely and penalties meted out; if needs be, those involved should be fired. Those people who are found to have asked openly for gifts should be dealt with gravely. Only when all cadres, workers, and staff are mobilized, become honest and upright in their professions, and refrain from accepting or asking for gifts will it be possible to build a healthy social morality and eliminate this scourge.

Chinese Lecturers Speak on Democracy, Opening Up
HK041341 Hong Kong TA KUNG PAO in Chinese
18 Mar 88 p 5

[Report: "Yan Jiaqi, Liu Xinwu on Democracy, Opening Up"]

[Text] To celebrate the 40th anniversary of resuming publication in Hong Kong, TA KUNG PAO held a forum yesterday afternoon in the meeting room of the Chinese General Chamber of Commerce in Central District, Hong Kong. Yan Jiaqi, director of the Political Science Institute of the Chinese Academy of Social Sciences, and Liu Xinwu, chief editor of RENMIN WENXUE, were invited to the forum to give lectures on the future of China's political and economic structural reforms and the question of booming literary creation, which are two hot topics of conversation and matters of interest to the outside world. Their nimble thought and penetrating views received an enthusiastic response from the participants during the 2 hours of speeches.

The forum was held from 1500 to 1700 yesterday afternoon. Li Hsia-wen, vice director and editor in chief of our paper, presided over the forum. Among those invited to attend were professors, lecturers, research fellows, and students from various universities and colleges in Hong Kong, columnists, responsible persons of political commentary groups, and consuls and cultural attaches of some countries in Hong Kong. There were more than 200 participants. Some tens of Chinese and foreign reporters were also present to gather news.

Li Hsia-wen first introduced Yan Jiaqi and Liu Xinwu to the participants. He said: Yan Jiaqi is one of China's young scholars in political science. His works—"History of the Decade-Long Cultural Revolution in China" and "On the Leaders"—are well-known both in China and abroad. Liu Xinwu is new chief editor of RENMIN WENXUE. To date he has published 20 literary works, including "Class Instructor," which was the first literary work describing the influence of the "Cultural Revolution," published in 1977.

Li Hsia-wen also extended on behalf of our newspaper our sincere thanks to the two lecturers and other participants for attending in the midst of pressing affairs.

In his lecture entitled "Reform, Opening Up, and How To Make Literary Creation Boom," Liu Xinwu emphasized that China's literary creation is in an unprecedentedly prosperous and dynamic period since 1949 when China was liberated. This is reflected in the fact that the writers have a higher degree of freedom in creation and that there has appeared a new situation in the selection of subject materials for writing, the exploration of new types or forms of literature, and the number of literary pieces, never seen before.

He said: Chinese literature has been in a situation of being closed to the outside world for a long time. At present, since the country has adopted a policy of opening up, as a result of increasing contacts with the Western world in the political and economic fields, Chinese literature has also begun to absorb some good things from Western culture.

He held that "opening up" to the Western world is a trend of contemporary Chinese literature. But it is unavoidable that various complicated states of mind and effects may appear among the people. He said that contemporary Chinese literature has been developing against a background of misgivings about opening up among the people.

He said the most people in the hinterland, including himself, are optimistic about the development of literature in the situation of reform and opening up. The prosperity in literary creation may bring about various different effects. For example, some people may criticize the development of the current literary creation as being unwholesome and the theories of some literary works as deviating from the socialist orientation; some people are impatient to work out certain patterns and standards for the new literature; and some people may attribute all the faults of vulgarity in literary works and commercialization of literature to the situation of opening up.

Liu Xinwu emphasized: In implementing the policy of reform and opening up, the key is to "open up." In Chinese literature, it is necessary to put an end to thought processes and actions which are characterized by taking class struggle as the key link. Even if a certain bad novel, a questionable viewpoint, or an unwholesome drama has appeared, it is nothing terrific at all to the Chinese nation as a whole.

He expressed the hope that once there are differences among the people on the development of literature, they can discuss them and overcome their differences through academic discussion and academic criticism.

Then, Yan Jiaqi gave his lecture, entitled: "How China Can Become Prosperous and Strong—The Future of China as Viewed From Its Reforms of the Political and Economic Structures."

Yan Jiaqi said: The starting point of China's reform of the political structure is the recognition of the fact that nobody is perfect in every way. This should be taken as the basis for establishing the democratic political system and legal system.

He explained that in the long history of China, the political systems of all the previous dynasties were established on the basis of requiring the acme of perfection of people despite the various differences.

He continued: "Once serious problems appeared in Chinese society, the Chinese people could only think of finding a perfect and noble-minded leader to lead them in changing the situation. This concept, however, vacillated during the disastrous 'Cultural Revolution.'"

Yan Jiaqi said: Since people have various shortcomings and weaknesses, they have to be kept within the bounds of various systems. The 1982 Constitution clearly stipulates that both the president of the state and premier of the State Council shall serve no more than two consecutive terms. At the forthcoming Seventh NPC, the change of the heads of the state and the government will be realized through the scheduled procedure. He continued: Successfully separating party from government and restricting the terms of office of state leaders by system will be of great importance to China's long-term stability and development.

He said: In China today, since the legal system has not been perfected, the leaders at various levels cannot but personally take up some concrete matters and make concrete decisions on each of them. On the other hand, since there is no definite range for the matters decided by the leaders, duplications and contradictions have often appeared.

Yan Jiaqi pointed out: The "disease of asking for instructions" has become a very serious "office disease" in contemporary China. If this is not changed, the state will be unable to develop automatically and continuously, and China will be unable to become really prosperous and strong.

He also mentioned the high degree of autonomy of the Hong Kong Special Administrative Region after 1997, which will be stipulated in definite terms by the Basic Law of Hong Kong. To ensure this autonomy by the Constitution and other laws will be a foundation for the long-term prosperity and stability of Hong Kong after 1997. "This is not only a matter for Hong Kong. The prosperity and stability of China as a whole are also determined by ensuring the independent decision-making power of the governments at all levels and of all enterprises, all social groups, and all individuals with the

Constitution and other laws. Only thus can our society be full of vitality and highly efficient and can the initiative of people be really brought into play."

In conclusion he said: Today, in the course of reforms of the political and economic structures in China, if we can really implement the spirit of perfecting the legal system and being ruled by law and promote and ensure the reforms by means of laws, if we can fully exploit the initiative and enthusiasm of people, it will not be long before China is made prosperous and strong.

After the two lectures, each of which took about half an hour, the participants raised many questions on a variety of subjects, and the splendid replies of the lecturers won the applause of the audience from time to time.

Tian Jiyun, Others Visit Commodity Exhibit

SK050434 Jinan Shandong Provincial Service
in Mandarin 2320 GMT 3 Apr 88

[Text] Weihai City's commodity sales exhibition and economic and technological trade meeting were held at Beijing's China (Economic) museum. Tian Jiyun, Li Tieying, Rui Xingwen, Wang Shoudao Yang Dexi, Wang Renzhong, Liao Hansheng, Gu Mu, Chen Mudua, Song Jian, Yang Yichen, Ma Wenrui, Qian Weichang, Chi Haotian, and other leading comrades, deputies to the First Session of the Seventh NPC, members to the First Session of the Seventh CPPCC Committee, and people of the capital toured the exhibition with great interest.

On display at Weihai's commodity sales exhibition were foods, textile goods, machines, chemicals, building materials, electronic products, plastics, garments, leather goods, instruments and gauges, handicraft articles and other light industrial goods, totaling more than 1,000 kinds of products of 16 categories, involving nearly 10,000 specifications and patterns. Of these products, more than 230 were named as good-quality products by the state, ministries, and the province.

The exhibition and trade meeting attracted many people on the 1st day. They praised the brand-name good-quality goods from the Jiaodong Peninsula, and vied with one another to buy them. Some of them came to conduct trade talks.

Military Paper On Developing Strong Points

HK041055 Beijing JIEFANGJUN BAO
in Chinese 15 Mar 88 p 3

[Article by Chen Qingfa (7115 1987 3127): "Being Adaptable Means Developing Strong Points and Avoiding Weak Points"]

[Text] The existence of society determines social consciousness. With the development of the socialist commodity economy and the appearance of large numbers of new things and problems, there will inevitably be a great

influence on social and political life. There will inevitably be a great impact on people's minds in a breakaway from common prejudices and traditional concepts. Given this situation we must give full play to the role of ideological and political work. This calls for it being linked closely to practice in the commodity economy. Ideological and political work should focus on taking the full advantage of the current situation and enlightening people, so that they can foster new concepts compatible with the demands of the development of the commodity economy while actively involved in the practice of reform, and promote development of the commodity economy. To this end we must overcome the idea of "economic work being unrelated to the Army." We must take the initiative to show concern over activities in the commodity economy and participate in such activities, personally "having a taste of the pear," where policy and conditions permit. In fact, the Army, though not a production unit, is not for a moment divorced from social economic life. Especially under conditions of the commodity economy, the Army's basic necessities of life, and even military actions, are inevitably influenced and restrained by the commodity economy. Only by getting personally involved in our commodity economy can we really understand its current state, nature, and outlook. And only in this way can we concretely understand the great effects of the development of the commodity economy on productivity, and understand the correctness of various general and specific policies formulated by the party for development of the commodity economy.

Of course by stressing the combination of ideological and political work with practice in the development of the commodity economy, we do not mean passively adapting to commodity economy developments. Instead, by upholding Marxism as a guide we must strengthen the study of social contradictions, relations between men, ideological trends, and so forth under commodity economy conditions, foster those things full of revolutionary life, effectively resist decadent capitalist and feudalistic ideas, and guard against the danger of losing our way. The commodity economy belongs to the realm of history. It is not a capitalist patent, nor is it a natural socialist product. Different social patterns are marked by their respective stipulations in qualitative terms. To strengthen ideological and political work is to educate people so that they can draw a clear line of distinction between consciousness of the capitalist commodity economy and consciousness of the socialist commodity economy, and clearly understand what should and should not be done; what should and should not be pursued, what is noble and what is cheap, and what should be supported and what should be opposed. Through such ideological and political work we can contribute toward creating public opinion, a sense of values, cultural conditions, and a social environment favorable to the socialist commodity economy.

Since the development of the commodity economy has an effect on social political life, involving the division of ore into two with both a positive and a negative side,

ideological and political work should aim at developing the strong points and avoiding the weak ones, arousing and developing positive factors, overcoming and repressing negative factors, and encouraging people to give full play to their socialist enthusiasm, show passion, and display a spirit of making self-sacrifices. Those trends that pay attention to only the negative effects of the commodity economy on people and overlook its positive effects should be corrected. With the development of the socialist commodity economy, some new concepts reflecting the demands of productivity will occupy the area of ideological consciousness ever more firmly. This is the main trend. Ideological and political work must adapt to this general trend and increase its influence by taking advantage of the current situation and protecting its cream, in order to give full play to its guiding role in practice.

On the other hand, while affirming the positive effects that the development of the commodity economy has on social political life we must also soberly take note of its negative effects, and adopt effective measures to restrict and overcome them. This is another important job where ideological and political work is concerned. At present, we must especially guard against the commercialization of: 1) political principles; 2) relations between men; 3) rights and obligations; and 4) human dignity. In real life, these ugly phenomena occasionally occur. These really have to do with abuse of the principle of exchanges of equal value in the commodity economy. In strengthening and improving ideological and political work, given a commodity economy we should direct efforts toward given aims.

If ideological and political work is to achieve the aim of being good at developing positive factors and overcoming negative ones, our political workers must have a firm party spirit and a keen political mind. Under the new situation in the development of the commodity economy, political workers also have the problem of restudying. We must learn how to develop the subjective initiative and grasp the objective laws of development. Given positive factors we must refrain from doing work sloppily and doing things in an oversimplified manner. In the face of negative factors we must refrain from being too fussy and complaining of this and that. Only by showing the initiative to stimulate the transformation of things can we attain the given aims of ideological and political work.

Discusses 'Remuneration'

HK050741 Beijing JIEFANGJUN BAO in Chinese
18 Mar 88 p 1

[Article by correspondent Ji Guilin (1323 2710 2651): "Make a Study of the New Situation and Foster New Concepts—Enlightenment Gained from the Effects of 'Remuneration'"—passages in boldface as published]

[Text] Like a stone thrown into a calm lake, the news of "Large Numbers of New Soldiers Recruited with 'Remuneration'" released in JIEFANGJUN BAO immediately

evoked repercussions among the PLA units. Zhang Haiyan, a secretary of 56107 unit in charge of propaganda work, send a letter saying: "'Remuneration' has become a popular topic among the officers of our unit. Although the comments include both praise and censure, they believe that it is an essential issue which has raised the question of how to carry out political work in the army under the conditions of a commodity economy." Some comrades described vividly the discussions on this issue as the effects of "remuneration." Viewed from the impact produced by this news, we can gain a good deal of enlightenment from the effects of "remuneration."

The first enlightenment: It is necessary to foster new concepts suited to a commodity economy.

If we look at the question of soldiers being recruited with "remuneration" by old standards, our comrades will easily associate it with "mercenaries" and imagine it will cause many "troubles" for the army's ideological education and administrative management. If the issue is judged from a commodity economic viewpoint, it will be a normal phenomenon. With the development of a commodity economy, people's material benefits will inevitably be readjusted. The views that set fulfilling obligations against enjoying liberal economic subsidies are already outdated. In the past we regarded fulfilling obligations in a narrow sense as "not receiving remuneration" which was obviously a one-sided understanding.

This was also the case in the army engaging in production, businesses, and contracting and paying bonuses. If this is judged by old standards, the practice of paying bonuses would be a departure from classics, rebellion against orthodoxy, and deviation from the spirit of selfless dedication. If the question is analyzed from the angle of a commodity economy, you can reach a new conclusion: It is reasonable to pay and receive bonuses because it conforms to pay according to work, the distribution principle of a socialist commodity economy. Some comrades have set a spirit of dedication against getting bonuses because they do not understand the varying requirements under different conditions and because of the profound influence of the long military communist life of the army in the past.

It is thus clear that the conclusions drawn with or without a view suited to a commodity economy can be widely divergent. The question of how to carry out political work in the army under the conditions of a commodity economy raised by the leading comrade of the Central Military Commission has pinpointed the fundamental issue of the army's political work in the new situation. With the development of a commodity economy, remarkable changes have taken place in family economic status, ideological views, thinking methods, and lifestyles of the servicemen. This will have a great impact on the contents and methods of army political work. Only by consciously fostering a new view suited to a commodity economy can we do a good job of political work in the new situation.

The second enlightenment: It is necessary to master the scientific method of thinking.

As many of our comrades were influenced by the "leftist" deviation and restricted by outdated views of every description in the past, a rigid way of thinking prevailed. For example, "remuneration" was always associated with "mercenaries," and getting bonuses with "putting money above everything else." Unless we put an end to such rigid thinking, it will be impossible for us to jump out of the narrow circle. How should we put an end to such rigid thinking and master a scientific method of thinking?

It is necessary to enhance rational thinking. Wang Chengming, head of the political section directly under the General Logistics Department, told this reporter: "Many comrades do not have a clear understanding of the new things that have emerged under the conditions of a commodity economy because they lack theoretical knowledge. They judge things simply by their appearance rather than their essence and have no idea of how to think rationally. Some new recruits in particular know nothing about the theory of the initial stage of socialism and the party's basic line. It is necessary to help them make up the missed lesson as quickly as possible."

It is necessary to learn the dialectical way of thinking. The mode of thinking of many comrades is usually simple and direct. When they judge problems, they easily get bogged down on the simple paradigm: If it is not good, it must be bad or evil. We should understand that advantages are usually accompanied by disadvantages in many new emerging things. To this end, we should learn the dialectical way of thinking and never affirm the disadvantage because of its advantages or negate the advantage because of its disadvantages.

It is necessary to fill in the "blind spots" in thinking. A man cannot look at his own nose because his nose is a "blind spot" to his eyes. If a man lacks knowledge in a certain aspect, it would be a "blind spot" in his thinking. For example, it would be impossible for a man who knows nothing about commodity economy to make an accurate analysis and judgement of the economic, social, and political phenomena that have emerged under the conditions of a commodity economy. Therefore, the broad ranks of officers and men should constantly upgrade their knowledge and particularly acquire the basic knowledge of a socialist commodity economy.

The third enlightenment: The change in concept constitutes the fundamental change.

With the development of a commodity economy, some concepts in the sphere of political work should be upgraded, some should be fostered, and some should be strengthened. At present the following two concepts should be promptly changed:

First, the concept that stresses obligation at the expense of benefits. Under the conditions of a commodity economy, it is an important principle in political work to recognize material benefits. Whenever material benefits and personal problems were mentioned in the past, they were regarded as individualism and a lack of a spirit of dedication. The requirements for an exemplary figure were the requirements for everyone. This concept, which was beyond the psychological capacity of the majority of our comrades, affected the results of political work. At the present stage we should integrate obligation with benefits in our political work. We should guide our officers and men to correctly handle their personal interests with those of the state and the collective and realize their own interests through normal channels.

Second, the concept that disregards law. To do a good job of political work under the conditions of a commodity economy, it is necessary to attach importance to the building of a policy system. In the past we merely stressed ideological education and neglected the policy system. Many problems cropped up because of the irrational and imperfect policy system, yet we tried to solve them through ideological education. As a result, the officers and men were disgusted with the efforts we made to conduct education. Following the 3d Plenary Session of the 11th CPC Central Committee, the localities relied on policies to arouse the initiative of the masses. The army also relied on policies to stimulate the enthusiasm of the officers and men. Certainly, ideological education is important. But it is not omnipotent. It should be carried out together with the implementation of the policy system. A correct policy system is tantamount to laws and regulations. Once promulgated they should be strictly implemented to maintain their authority. We can no longer follow the old practice of replacing laws with instructions by certain leaders.

Military Sciences Academy Marks Anniversary

HK050611 Beijing JIEFANGJUN BAO in Chinese
15 Mar 88 p 1

[Report by Jiang Yonghong (3068 3057 4767): "Rally Held To Celebrate the 30th Anniversary of the Founding of the Academy of Military Sciences"]

[Text] Beijing, 14 Mar—A rally was held today at the Academy of Military Sciences to celebrate the 30th anniversary of its founding (1958-1988).

The Academy of Military Sciences is our army's military sciences research center, and Marshal Ye Jianying was its founder.

Over the past 30 years, and since the 3d Plenary Session of the 11th CPC Central Committee in particular, the Academy of Military Sciences has made a number of important achievements in research work concerning military thinking, strategy, campaigns, tactics, history of war, military system, foreign armies, and military operations, and in political work, and so on. Military works

such as "A Study of the Military System of the State", and others have filled in the gaps in military academic research fields in our country. The project of computerized translating machines is an advanced level one at home. The machines are being popularized throughout the world.

On behalf of the Central Military Commission and the three PLA General Departments, Chi Haotian, chief of the General Staff, delivered a speech at the rally. He said: Advanced military scientific theories are a precursor of army modernization. Today, when military science and technology are developing very rapidly, enriching and developing military scientific theories is a matter of vital significance. At present, many countries in the world are focusing their attention on the strategic targets for the 21st century. They are making efforts to actively study and explore for the future, and to readjust their strategies to gain the strategic initiative for the 21st century. He expressed the hope that the Academy of Military Sciences and comrades of the whole army would proceed from our national and military conditions to study strategic plans and guiding principles in accord with Chinese characteristics to meet the demand of our national defense and military buildup, and of future operations.

National Defense Minister Zhang Aiping made an impromptu speech.

Other leading comrades who attended today's rally included Liao Hansheng, Hong Xuezhong, Liu Huaqing, Song Shulun, Li Desheng, Yang Baibing, Zhao Nanqi, and so on.

Zheng Wenhan, President of the Academy of Military Sciences, also spoke at the rally. Political Commissar Wang Chenghan presided.

Financial Reform Choices, Problems Viewed

HK041111 Beijing RENMIN RIBAO in Chinese
18 Mar 88 p 5

[Article by Zhang Zhenbin (1728 2182 2430): "My Opinion on Several Questions Regarding Financial Reform"—passages in boldface as published]

[Text] China's financial reform is now facing a series of importance choices. In such a situation, we need to correctly understand and handle the following problems.

On the economic functions of the financial sector. Now many comrades advocate that our financial sector should retreat from economic construction so that it will become a public demand financial service sector. This view has ignored at least two apparent features: 1) We are practicing an ownership of production means by the whole people. As a basic fact, the state is the main entity which, on behalf of the whole people, actually owns the means of production. Therefore, the state cannot ignore the growth in value of the state-owned assets, and it must

ensure that these state assets and interests will be taken care of in the process of expanded reproduction which is mainly characterized by new investments. Hence our present financial sector cannot be completely separated from economic construction. 2) China remains a developing country where the market mechanism is quite unsound, the entrepreneur stratum has not taken shape, and the national economy is undergoing the process of large-scale structural readjustment and continuous regrouping of different production factors. Under such circumstances, the economic results can hardly be good for the whole society and optimal resource allocation and management can hardly be achieved if we solely rely on individual enterprises to make investments and to readjust the reserve of resources. And this requires the state as an investor to directly take part in the process of expanded reproduction, especially in investment projects that can play a guiding and exemplary role in the long-term development and structural readjustment of the national economy. Therefore, one must not conclude that the state financial sector should retreat from economic construction just because the proportion of investments made by state financial departments has decreased in the past few years. The real problem that we are now facing in the financial reform is not whether the state financial sector should retreat from economic construction but how we are going to make the financial sector take an active part in economic construction in a more flexible and efficient way. To solve this problem we must change the functions of the financial sector and, in particular, take the initiative in observing and applying the law of value in our financial work.

On the administration of state assets. Now that the state as the actual owner of state assets is exercising an owner's power and functions, a pressing task we have to undertake in further deepening the financial reform is to introduce a macroscopic reform of the administration of state assets with the aim of shaping a state asset management mechanism. Here we must solve three problems: 1) It is necessary to clearly define the property right—the property right over state-owned enterprises must be clearly assigned either to the central or local authorities, state asset administration organizations must be set up accordingly; and the revenue of state-owned enterprises should be turned over to the asset administration organizations at the corresponding levels. 2) It is necessary to set up a new public asset management organization, turn it into an economic entity which is to maximize the value of assets and the revenue arising from the assets, and engage in commercialized operation of public assets, including investment in state assets, purchase, sale, and merger of state-owned enterprises, the assignment of state assets, and so on. 3) It is necessary to modify the state asset administrative form and functions. The central and local state asset administrative organizations at all levels are to perform their functions as the owners of state assets respectively, approve the establishment, merger, and abolition of various organizations running businesses with state assets, formulate the basic system

and standards governing the administration and management of state assets, and select operators of state assets on a selection-by-competition basis. It is necessary to ensure that the state asset administrative organization will carry out indirect macro-control over state assets. With the integrity and growth in value of state assets guaranteed, it is necessary to hand over the power of managing state assets to the state asset management organizations as commodity producers and to realize the separation between the ultimate ownership and the asset ownership of state properties.

On the relationship between the central financial authorities and local financial departments. Correctly handling the relationship between central financial authorities and local financial departments is crucially important to the financial reform. This is also a practical difficulty in financial reform. As a general guideline, the only way to solve this problem is to introduce a tax division system, which will provide fully open market conditions for the operation of the socialist commodity economy and will standardize the economic relations between the central financial authorities and local financial departments. Now the problem is how to choose an effective and practical transitional form, given the fact that the tax division system can hardly be fully implemented. As far as this problem is concerned, I think the method of letting local authorities at different levels assume the full responsibility for balancing their own financial budgets may be counted as a relatively recommendable alternative. The initial results of the pilot projects started in the past few years have shown that this method of assuming full responsibility for balancing financial budgets can greatly inspire local authorities at all levels to take action to increase revenue and reduce expenditure, enable local authorities to secure more financial resources for local economic construction, help to more clearly define and stabilize the ratio of financial distribution between central and local authorities, and provide a prerequisite basis for defining the financial relations, which involve the financial and management power, between the central and local authorities. On the other hand, the system of assuming full responsibility for balancing financial budgets, in different forms, is more readily acceptable to different circles, without making a great impact on the economic operation.

To implement the system of assuming full responsibility for balancing financial budgets, we must observe the following principles: 1) The responsibility for guaranteeing financial revenue must be paralleled with the responsibility for guaranteeing financial expenditure; an entity, while assuming full responsibility for revenue, must guarantee that its expenditure will not exceed a fixed amount. 2) The system of assuming full responsibility for balancing financial budgets should be combined with the reform of the tax division system. We may consider a program under which certain taxes that can be easily estimated and are rather stable will first be sorted out and assigned to governments at different levels for administrative purposes, in other words, a partial tax

division system and a tax rate sharing system [shui lu fen xiang zhi 4451 3764 0433 0078 0455] will be implemented, while an all-around contracting system will still be applied to that part of revenue it is difficult to estimate for the time being. 3) The system of assuming full responsibility for balancing financial budgets must be separated from the implementation of financial policies, and financial policies of macroeconomic importance should only be formulated by the state, because, after all, it is necessary to maintain the status of the tax law as a state legislative instrument. 4) After the system of assuming full responsibility for balancing financial budgets is implemented, local financial departments at all levels must earnestly effect a change in their functions and do away with the traditional practice of government departments taking care of everything. And 5), in implementing the system of assuming full responsibility for balancing financial budgets, local financial departments at all levels must uphold the basic principle of balance between financial revenue and expenditure. They are not allowed to arbitrarily break the expenditure budgets or practice deficit budgeting.

With regard to the issue concerning the system of assuming full responsibility for balancing financial budgets, we must clarify three possible doubts: 1) Will the system of assuming full responsibility for balancing financial budgets affect the revenues of the central financial authorities? In my opinion, if we fixed an appropriate base figure for the contracted budget and a contracted growth rate, at least the financial revenues on the part of the central financial authorities would not decrease, according to normal predictions. Even if the increase in the local financial revenues is higher than the increase in the financial revenues of the central financial authorities, there will not be a serious imbalance between the revenue and expenditure of the central authorities since both the revenue and expenditure budgets are contracted. 2) Will the system of assuming full responsibility for balancing financial budgets give rise to some new barriers between different areas and cause a division of the market? In my opinion, given very limited resources and very low market demand in different areas, there should be no intrinsic link between the system of assuming full responsibility for balancing financial budgets and the division of the market, if enterprises can really shake off the binding administrative relations and if the prices fully reflect the supply-demand relations. 3) Will the system of assuming full responsibility for balancing financial budgets intensify the so-called division of administrative power and thus give rise to new obstacles to the further development of the reform? In my opinion, we must not regard any form of division of power between the central and local authorities as division of administrative power, as the system of assuming full responsibility for balancing financial budgets first involves only a division of economic power. Moreover, in judging whether a reform measure will create any obstacle to the future reform, our basic criterion is to see whether it is favorable to the formation of a centralized open market structure which will offer opportunity for

equal competition and also to see whether it can vitalize enterprises through competition in the market. Thus it can be seen that the system of assuming full responsibility for balancing financial budgets will never serve as an obstacle to the further development of the reform but as an effective way to expedite the reform of the financial structure.

Economic Commission Names Top Entrepreneurs
OW050519 Beijing XINHUA in English 1206 GMT
2 Apr 88

[Text] Beijing, April 2 (XINHUA)—China's State Economic Commission has just named the country's 20 top factory directors and managers.

Most of those recognized today are forerunners in enterprise reform in the industrial and communications sectors, who have earned their reputation by improving management and introducing new technology.

State Economic Commission spokesman Lu Bing said, "As leaders of larger state-owned enterprises, these individuals have led their firms to successes."

Yu Zhian, director of the Wuhan Steam Turbine Electrical Machinery Plant, was named one of "China's top entrepreneurs." In only 7 years, he has pulled his factory out of the red and made it one of Wuhan's most profitable enterprises.

Last year, Yu's factory was named one of China's three model enterprises when he upgraded the plant's equipment with micro-electronic technology.

Yu also set up the Changjiang Power Company, which has become one of the country's five power station equipment production bases.

Well-known director of the Shijiazhuang Paper Factory Ma Shengli is also on the list of top entrepreneurs. Ma was one of China's first individuals to ever contract a factory.

In 1984, Ma did away with the life tenure system for officials in his factory, cut down the number of employees, and contracted many smaller paper factories on the verge of bankruptcy to form an enterprise group based on competition.

Today, Ma's factory exports 5 times more than before he took over the director's office, and earns 20 times more profits. In only 3 years production value has doubled.

Other top entrepreneurs include Zhou Guanwu, director of the Plant Committee of Beijing's Capital Iron and Steel Company, and Feng Gensheng, director of Hangzhou's No. 2 Traditional Chinese Medicine Factory.

Successful Contracted Plant Director Featured
OW050721 Beijing XINHUA in English 0808 GMT
2 Apr 88

["China's entrepreneurs (4th of series): Competition and risks are what it's all about"—XINHUA headline]

[Text] Shenyang, April 2 (XINHUA)—Li Zhenzhi's big gamble has paid off.

As the first contracted director of a plant in China's big and medium-sized enterprises, Li has fulfilled what he set out to do... and more.

His successful completion of his first year at the helm of the state-owned Shenyang Electrical Machine Works, earned him a congratulatory telegram from Premier Zhao Ziyang.

His success, however, is owed to his determination to share a common destiny with the enterprise and workers, and to take risks.

Shenyang, the capital of Liaoning Province in Northeast China and a major industrial base, was the first to try out public bidding for directors of state-owned big and medium-sized enterprises in early 1987.

When Li, 43, heard the news he resigned his post as deputy director of a shipyard and went to Shenyang to submit his tender.

He trounced his 81 opponents by offering management goals a cut above others.

His contract [words indistinct] earn profits for the electrical machine works of 3.6 million yuan and to increase profits an average of 16 percent each year until 1990 when they would total 5.85 million.

It also stipulated product quality goals, technical innovations, and matters concerning management.

If fulfilled, Li who graduated from the Jilin Polytechnical University as a top student of enterprises' management would receive bonuses from three to six times his wages.

Also, 300,000 yuan would be added to the total salaries of the 14,200 factory workers.

If not fulfilled, Li would receive no bonus and have his wages deducted by half. The workers' salaries will also be reduced by a certain degree.

If not fulfilled for two years running, Li would be removed from his post and receive no wages except 50 yuan a month as living expenses.

In 1987, the factory lost over 60 percent of orders because of market fluctuations and was facing a profit of only 2.5 million yuan for the year.

It looked bad for Li. The contract was binding.

"Competition cannot go without risks," he said. "Once I take the tender, I have embarked on an adventurous road."

If he failed, Li told fellow workers, he would step down to become an ordinary worker rather than move to another place.

"Competition—risks—authority"—that's his formula. The authority comes from the fact that he is not an official appointed by government departments and he will suffer a loss greater than anybody else if he fails.

The risks and authority let Li do things others might not do.

He set up a management network, established quotas and developed a sense of responsibility among the workers that engendered enthusiasm.

By the end of the year the factory's output was 26.14 million yuan, an increase of 23.2 percent. The profit was 3.62 million yuan, 13 percent more than the previous year.

Twelve new products have been developed in the past year, too.

The factory has acquired a new look of prosperity, thanks to the risk-taking Li.

Paper on Appointing Enterprise Cadres
HK041035 Beijing RENMIN RIBAO in Chinese
18 Mar 88 p 4

[Article by Zhu Yan (2612 1484): "Exercising the Right To Make Use of Personnel Correctly"]

[Text] Now, industrial enterprises owned by the whole people in our country are quickening the pace of introducing the director responsibility system in an overall way. This has brought about a profound change in their personnel systems. With the establishment of the central position of the factory director in an enterprise, his power to appoint and supervise other administrative cadres of the enterprise must also be guaranteed. At the same time, the factory director is also required to use this power correctly.

When appointing cadres, we should pay attention to their work performances and adhere to the principle of selecting cadres with moral integrity and professional competence. This is the most important issue in our personnel affairs. Our party's policy for building a contingent of cadres who are revolutionary, younger, better

educated, and more professionally competent is never a stopgap measure. The four standards must be maintained, no matter how the personnel system is changed in the future. Cadre appointments must be based on their moral integrity, professional competence, and work performances. Although the appointment of enterprise cadres is somewhat different from the appointment of party and government cadres, it must not deviate from the party's basic principles and policies for cadre appointment.

The introduction of the competition mechanism in selecting and appointing enterprise cadres is a correct way to discover and appoint talented people. In those localities with suitable conditions, enterprises can adopt the forms of public bidding and advertising to appoint management personnel at all levels of the enterprises so as to change the long-standing traditional cadre-appointing system in the enterprises like that of appointing cadres in government institutions. With the introduction of the competition mechanism in the process of cadre appointment and the earnest implementation of the principles of openness, equality, democracy, and selecting the best through competition, we will be able to more effectively overcome irregular practices in personnel affairs, change the situation in which cadres can only be promoted and cannot be demoted, and provide opportunities for a large number of intelligent and capable people to display their talents and blaze a new trail. In the handling of personnel affairs, we should further emancipate our minds, and actively introduce the competition mechanism; but we must not be reckless and rush headlong into mass action. We should advance things step by step by making full preparations. In localities where factory directors will be selected through public bidding and through competition, pilot schemes should be run to gain necessary experience.

Suitable procedures for selecting and appointing enterprise cadres should be established; a necessary condition for this is to guarantee the factory director's power to correctly appoint cadres. Many facts show that enterprises can follow the party's cadre policy to assess the work of cadres, appoint or dismiss them, award or punish them, or transfer cadres from one post to another in light of their own conditions, and can work out their own regulations and rules appointing cadres through public advertising, selection, and examination. Then, all personnel affairs can be handled on the basis of the regulations and rules, and the party committee can also supervise this. To fully guarantee the factory director's power over personnel affairs, the personnel department should play an efficient role as a counsellor, and the mass line and the party committee's supervisory and guaranteeing role should all be organically integrated with the factory director's own role so as to reduce and avoid mistakes and errors in the factory director's handling of personnel affairs.

To ensure the correct use of power over personnel affairs, the fundamental thing is to improve the enterprise leaders' ability to know their subordinates well

enough and to assign them jobs commensurate with their abilities, and to firmly establish in their minds the idea of appointing people according to their merits. With the adoption of the enterprise-manager-responsibility system, the party and government will grant greater powers to factory directors, give them more responsibility, and raise the demands on them. The directors will have to take responsibility for the work in all fields in the enterprises. They will not only take care of production, but will also have to handle personnel affairs. So they must learn how to select the best candidates as cadres. They should earnestly study and master the party's cadre policy and cadre appointment standards in the new period, adhere to the principle of appointing people according to their merits, guard against cronyism, act strictly according to the party spirit principle, consciously prevent and struggle against various irregularities in personnel affairs, and really be able to discover, cultivate, and appoint talented people for socialist modernization and reform.

Agricultural Development, Assessments Viewed

HK041011 Beijing JINGJI RIBAO in Chinese
11 Mar 88 p 3

[Article by Luo Zicheng (7482 1311 4453): "While Assessing the Agricultural Situation We Should Draw Lessons From Past Events"]

[Text] During the 1980's, and in 1983 and 1984 in particular, our country's agriculture developed extraordinarily quickly. Our achievements in agriculture were unprecedentedly great. Our warehouses were full of grain and cotton and complaints about "difficulties in selling grain" were heard from the north to the south. In the face of such great achievements some people were blindly and unrealistically optimistic about our agricultural development. This was reflected in their "three overestimations" and "three underestimations." 1) Some overestimated the settlement of the grain problem at the present stage. Total grain output exceeded 400 million tons, and per capita grain output was 800 jin. The problem of providing people with enough food and clothing was basically solved. This was a historical victory resulting from implementation of the Third Plenary Session line. However, we should realize that the actual level of self-sufficiency in grain in our country was still very low. Some people thought that the problem of adequate grain production had been solved, and that "our grain output is excessively high." 2) Some overestimated the level of prosperity among peasants. In 1984, the annual per capita income of peasants throughout the country was approximately 390 yuan. The situation of being short of money, which had existed for a long time, was alleviated slightly. However, the number of peasant households with "annual incomes exceeding 10,000 yuan" was still very small, and so was the number of rich villages. Some people thought wrongly that the number of peasant households with "annual incomes exceeding 10,000 yuan" was "excessively large," and that "peasants could do exceedingly well in adapting themselves to the

changes in situation." 3) Some overestimated the readjustment of production relations, and the potential of the savings deposits of peasants. The implementation of the system of contracted responsibilities on a household basis with remuneration linked to output speeded up an increase in production. However, the capacity for such extraordinarily high speed was limited. Some people wrongly thought that the potential of this responsibility system was "inexhaustible." The "three underestimations" were as follows. 1) Some underestimated the potential role of capital construction on the farms in maintaining stable growth in agriculture. Since the founding of the People's Republic we have made great achievements in capital construction on the farms. However, it was started from a weak basis and the problem is far from being solved. Our capabilities in combating natural calamities are still poor. Some people wrongly thought that "we have laid a solid foundation to ensure a high and stable yield." As a result we, wittingly or unwittingly neglected capital construction on the farms, and many localities took a laissez-faire attitude in this regard.

2) We underestimated the fairly big gap between the supply of industrial goods for agricultural use and the demand of the masses. Some people only focused their attention on "profits." They wrongly thought that they would not be able to make great profits by merely producing industrial goods for agricultural use. Therefore they neglected or slackened their efforts to readjust or strengthen production of agricultural goods for agricultural use. 3) Some underestimated the serious situation in the shortage of cadres in the process of replacing the old cadres with the new ones in the leadership strata at all levels in agricultural circles. In many localities, and in middle and lower levels in particular, our leadership over agricultural work was truly weakened. Some people thought that the "problem is not serious." They believed that after completion of the readjustment of the leading post cadres, the capability, experience, and arts of leadership of the new cadres would automatically be improved. Such blind and unrealistic optimism characterized by the "three overestimations" and "three underestimations" could not but cause certain mistakes in the guiding principle for work at a certain level.

Under such an atmosphere of unrealistic optimism, some localities and departments slackened their efforts to control grain consumption. Some rural areas also slackened their efforts to grasp family planning. Some localities even went so far as to improperly reduce the proportion of investments in basic agricultural projects. Collectives and individuals also spent less money on agriculture. Some units arbitrarily exacted payment from peasant households. All this had something to do with our wrong estimation of the level of prosperity of peasants. Some comrades were blindly optimistic about our agricultural development. They entirely attributed our historical achievements made in agriculture in recent years to the system of contracted responsibilities on a

household basis with remuneration linked to output. They neglected the systematic readjustment and reforms needed by the growth of our agriculture.

Commentator on Developing Forest Industry

HK041001 Beijing RENMIN RIBAO in Chinese
21 Mar 88 p 3

[Commentator's article: "A Road to Developing the Forestry Enterprises"]

[Text] Through hard work in the past few decades since the founding of the People's Republic, a forestry industry system on a considerable scale has been established in China. Large and small forestry enterprises in the remote and thickly forested mountains have made great contributions to the development of the national economy.

At present, the forestry industrial enterprises are facing two major difficulties. The first is a resources crisis. Through the development over the past 30 years and more, many enterprises have found that their exploitable resources are almost exhausted, and more enterprises will face this problem. The second is the financial difficulty. With resources reducing, many enterprises cannot operate at full capacity and gain sufficient income to cover production expenses and the workers' daily necessities. These two problems have been caused not only by the erroneous guideline in the past, but are also attributable to various historical and objective reasons. For a long time in the past, the forestry enterprises merely concentrated on exploiting forest resources and made little effort to build new forests; in addition, the price of timber was too low, causing excessive consumption of resources. The accumulation of these problems has put the forestry industry in an awkward predicament.

The boom and bust of the forestry enterprises represent the boom and bust of the entire forestry industry of our country. So the crisis of the forestry enterprises is also the crisis of the entire forestry industry. The forestry enterprises must continue to exist and develop, so what should they do to tide over the current crisis? One of the options is to hope for an improvement in external conditions, such as a rise in timber prices, tax exemption, or substantial state investment in this industry. The other option is to be resolved to carry out internal reforms, while external conditions remain basically the same, so as to improve the enterprise operation mechanisms, to tap their own potential, and to rescue the forestry industrial enterprises by relying on arousing the workers' enthusiasm. An improvement of external conditions is important. Forestry indeed needs greater investment from all quarters concerned, and needs the full support of the whole entire society. However, the state is also facing financial difficulty, and cannot allocate too much money in a short time to support forestry construction. At present, forestry development should still rely mainly on internal reforms.

It should be pointed out here that as compared with other trades, the pace of reform in the forestry industry in recent years was not fast enough, and in some aspects reform made little progress. Some enterprises in the forestry industry are still using the old management methods and are still eating from the "big pot." This state of affairs should not continue. Improving the enterprise management and operational mechanisms is a key point of this year's economic reform stipulated by the state authorities. The Minister of Forestry recently decided to introduce the management responsibility system based on the investment-output contracts in all forestry enterprises. This is a major measure for invigorating the forestry enterprises, and must be effectively and rapidly implemented. The vigorous operation of the forestry enterprises and the enthusiasm of the workers in this trade form the foundation and the driving force for the development of the forestry industry. Only the method of contracted management can solve the two major problems in the forestry industry, and help the forestry enterprises out of their predicament.

It should be stressed that there are some differences between forestry enterprises and ordinary industrial and mining enterprises. A major task for the forestry enterprises is to protect, develop, and rationally use forest resources. The forest resources are the foundation for the existence of the forestry enterprises. Without forest resources, how can forestry enterprises prosper? Therefore, the contracts concluded between the state department concerned and the forestry enterprises should not merely include some tax and profit targets. Otherwise, the contracts will just prompt the enterprises to fell more trees and more seriously damage the forest resources, with serious consequences. The contracts should first be linked to the protection and development of resources, and this is the premise for the contracted management of the forestry enterprises. Only by adhering to this principle can the forestry enterprises develop healthily in the course of reform.

While forestry enterprises operate under the contract system, they cannot just rely on felling more trees, and they must also increase their economic yields. Isn't this a contradiction? In fact, they can make more money through diversifying their economic operations rather than by only felling more trees. The forest areas are huge treasure bowls. Through the utilization of advanced technologies and rational exploitation, their natural advantages can be turned into economic advantages. Facts show that, to free themselves from a difficult situation and a vicious cycle, the forestry enterprises must change their old habit of making money mainly through felling trees and must establish the idea of building large-scale forestry. In the past, the general problem of the forestry enterprises was extensive operation, and this means they can tap a great deal of potential. It is reasonable to say that as long as the forestry enterprises make more efforts to improve their management, they will certainly gain greater benefits.

The key to the prosperity of the forestry enterprises lies in their own efforts. Of course, the external conditions should

also be improved. They need support and help from all sides to cope with the current difficulties and problems.

JINGJI RIBAO on Forestry Reform

HK041151 Beijing JINGJI RIBAO in Chinese
12 Mar 88 p 2

[Article by Wang Guoli (3769 0948 4409): "The Forestry Management Structure Needs Urgent Reform"]

[Text] Our's is one of the countries in the world with a small number of forests. The coverage rate of forests on the land and the per capita possession of forests rank 120th in all countries of the world; at the same time, our country is also one which consumes a large amount of forestry resources. According to an estimate, 390 million cubic meters of forestry resources are consumed each year, and about 100 million cubic meters of this as timber is used as rural energy resources. In addition, 260 million tons of firewood (the firewood is so small that its volume cannot be counted) is burnt each year. The amount of consumption ranks third in the world. The amount of forests growing in our country each year is 220 million cubic meters and this means that the forest resources are overconsumed by 170 million cubic meters each year. If it goes on like this, our country's forestry resources will be exhausted in 50 to 60 years.

The forests are a treasurehouse to regulate the habits of organisms on land. The acute contradictions between supply and demand cause continuous destruction of the forests and lead to serious ecological calamities in our country, the most serious of which is soil erosion. The amount of eroded soil reaches 5 billion tons each year, about 27 percent of the world's total. Our country has become one whose soil erosion is the most serious in the world.

Since liberation because the party and government have attached importance to this situation, we have scored remarkable achievements in building the forests. However, we must clearly see that we have not changed the situation in which the consumption of forestry resources is bigger than the growth of forests, the contradictions between supply and demand have become more acute, and the ecological environment has been further worsened. There are many reasons for this. Judging from the national conditions of our country, a large population, the backward agricultural economy, and the big consumption of rural energy resources have surely exerted great pressure on the limited amount of forests, but the faults in our work and forestry malpractices are the direct sources.

Stern realities tell us that only by carrying out reform can there be a way out.

Management Structure—the Central Link of Reform
[subhead]

Over the past several decades since liberation, our forestry resources have not been properly protected and have sometimes been destroyed to a relatively great

extent. The great leap forward and large-scale iron and steel smelting in the 1950's, and the "Great Cultural Revolution" in the 1960's were two periods when the forests were most seriously destroyed. Undue emphasis on the policy of "taking grain food as the key link" caused the movement of carrying out reclamation at the expense of forests to continue for several decades. Since the 3d Plenary Session of the 11th CPC Central Committee the party and country have begun to really attach importance to forestry but forests were destroyed to a relatively great extent on two occasions. 1) The establishment of the system of production responsibility in the rural areas, with the system of contracted responsibilities on the household basis as the main one, promoted the rapid development of agriculture. Forestry, under this big change in structure, was once managed by nobody and experiences in agricultural reform was mechanically copied later, resulting in the disbanding of the great majority of commune and brigade tree farms and indiscriminate tree-felling. 2) Many places delegated forestry rights to the lower levels and even put state-owned forests under the administration of individual peasants. Consequently, peasants felled trees excessively and planted insufficiently. This caused further destruction of forests, and particularly the forests in the south.

Why are forests continuously destroyed though the party and state have attached importance to forestry? The main reason is that a management structure conforming to the characteristics of forestry has not really been established.

In forestry management structure reform, according to the characteristics of forestry management that evolved in our country over a long period of time, we must first divide the rights of forests into the right of the state, right of the collective, and right of individual, and this must remain stable for a long period. Second, in the different spheres of the rights, all forms of the system of production responsibility must be established and trees must be planted and managed in a scientific way so as to score the biggest comprehensive benefit.

Specifically speaking, the state forests must be managed by the corresponding forestry organs; the policy of production with a view to increasing production must be resolutely implemented; the forestry production must be vigorously developed; the ways of production must be improved; the system of the leader's responsibility for production must be implemented and the system of the worker's contracted responsibility for production implemented; and the present passive situation in which economic results are low and burdens are heavy changed as soon as possible. The state-owned forestry units should improve their relations with the masses of peasants around them and with the local government. Under the conditions favorable to forestry management, the concession of a part of profits must be made to the masses. At the same time the "Forestry Law" must be strictly enforced, the system of joint defense implemented, hill-fires and theft prevented, and incidents of unlawful practices of destroying forests dealt with as quickly as possible. The local government must by no means tolerate them.

In principle, collective production must be carried out in the large area of the collective forests, in the forest network on farmland, and on the barren mountains suitable for afforestation, and corresponding township and town tree farms restored and set up. Importance must be attached to economic results and township and town tree farms must be run as well as township and town enterprises. The township and town tree farms must carry out enterprise accounting and management. It is necessary to properly handle the problem of distribution among the staff members, workers, and the masses in the tree farms so that the masses are made to understand that the tree farms are their own farms and that they can protect and cherish the forests. In this way the personnel directly participating in tree farms will find their work worthwhile and become energetic and enthusiastic. Regarding the area of land for afforestation put under the administration of an individual peasant: If he does a good operation job this area must not be recovered and responsibility, power, and interests must be further and clearly provided, and the time for greening specified; if he operates it badly and even fells indiscriminately or shifts to other types of production, this area must be resolutely recovered and punishment meted out accordingly.

As the individual forestry of every peasant household is an important component of our country's forestry, we must further relax the policy and continuously put the small, odd pieces of land suitable for afforestation under low-level administration and the forestry technological popularization departments at all levels of the counties and townships must give them guidance in scientific afforestation and diversification, so as to achieve good economic results in a relatively short time.

Improvement in Afforestation Quality [subhead]

To achieve corresponding economic results in forestry production it is essential to attach importance to both quantity and quality, with emphasis on quality for the purpose of subsistence and development. This problem, however, has not been solved for a long period in the course of our forestry production. It has been expressed in a concentrated way in forestry statistics in all units, ranging from the central authorities to local governments at all levels that emphasis has been laid only on afforested areas statistics—a quantity target—but no importance has been attached to tree survival rate and preservation rate statistics. There has never been any statistics on the amount of growth of timber after the trees have grown—a major quality target.

As a result, according to statistics the afforested areas of our country are larger each year but the areas of growing forests are small and per unit area output of the forests is low. For a long time we have got half the result with twice the effort in forestry production. The preservation rate for forests abroad is 80 to 90 percent and the amount of timber growth is over 0.5 cubic meter/mu a year. Our country's preservation rate has lingered

between 30 and 40 percent for a long period and the amount of timber growth is only 0.15 cubic meter/mu or so a year. The discrepancies are very big.

In view of this, in forestry production we must regard the improvement of the quality of afforestation as our guiding ideology, and carry out supervision of the quality, with the annual amount of timber growth and annual output as a core in the course of forestry production. We must reform the method of compiling forestry statistics to ensure that we have statistics for both the quantity and quality targets.

Forestry is a production cause with economic results, ecological environmental benefit, and social benefit but the ecological environmental benefit is far bigger than the direct economic results. The development of forestry is a fundamental measure to improve the ecological environmental conditions of our country. However, proceeding from the law of production itself we must first achieve good economic results so that the state and peasants can get substantial benefit and the economic levers are used to arouse the enthusiasm of the forest operators. When we rely on the internal accumulations of forestry to develop forestry, economic results will increase and ecological environmental benefit will also increase. The greater economic results are, the better the ecological environmental benefit becomes. At present, the various necessary investments are not made in forest production and peasants' enthusiasm is very low. The main reason is that economic results are too low and the gross output value of forestry accounts for only 2 to 3 percent of the gross agricultural output value. This has naturally caused forest production to lack vitality.

To improve the economic results in forestry the main way is to vigorously develop the rapid-growing and high-yield timber forests and economic forests, to improve the processing of forestry products and modes of operation, and to develop diversification. We must see that although the investment in the per unit area of the rapid-growing and high-yield forests is large, if we carry out afforestation and operate forests in a scientific way, the cost can be much lower and economic results much better.

Aviation Industry Development Viewed HK040919 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 11, 14 Mar 88, pp 9-10

[Article By Xu Zhimin (6079 1807 2464) And Huo Yuhua (7202 6735 5478): "China's Aviation Industry Export Processing Business Is Developing Rapidly"]

[Text] Over the past few years China's aviation industry has been actively carrying out the development of civilian products. While providing advanced equipment to accelerate China's technological transformation, China's aviation industry has also been actively developing the processing of civilian plane parts and components for foreign aviation companies. So far China's aviation

enterprises have produced over 100 types of civilian aircraft parts and components for the United States, Britain, Canada, France, Italy, Federal Republic of Germany, and other foreign countries possessing advanced aviation technologies. Contracts signed between China's aviation enterprises and the aviation enterprises in these countries are worth a total of U.S.\$10 million. Some of China's aviation enterprises have won the trust of the foreign aviation enterprises and are gradually becoming reliable international contractors.

The development of processing aviation products for foreign countries is the demand of the development of China's aviation industry. Over the past few years, the Ministry of Aviation Industry has put forward the principle of "producing both military and civilian products, concentrating on the production of civilian products and the development of aviation industry, and carrying out diversified economy." While guaranteeing the production of military products, over the past few years China's aviation industry has made great efforts to develop and improve its civilian aircraft. By importing advanced foreign technologies China's aviation industry has produced ZHI-9 helicopters and other types of new civilian aircraft, reequipped the feeder-line YUN-12 and YUN-7 passenger aircraft, and accelerated the systematic development of YUN-8 aircraft. However, as far as the present situation in China is concerned, due to the lack of funds and technology, China's aviation industry still has difficulties accelerating the development and production of civilian aircraft. A decline in the production of military goods has not helped matters as many aviation enterprises have switched over to making consumer goods. As a result the aviation industry advantage has failed to be brought into play. In order to enable Chinese aircraft designs and the technological standards of China's aviation industry to catch up with international standards, since the beginning of the 1980's China's aviation industry has begun to process aircraft parts and components for foreign aviation companies. At the very beginning China's aviation industry only made small screw bolts and hatches for foreign aviation enterprises according to "materials, blueprints, and samples" supplied by the foreign aviation enterprises. Now, China's aviation industry is able to process a series of high-tech products such as ailerons, all types of hatches, B-737 tailplanes, aircraft engines, and so on, for foreign-made aircraft.

The entire development of China's aviation industry export processing can generally be divided into four stages:

1. The preparatory stage. In this stage China's aviation industry mainly accepted the inspection of the foreign entrepreneurs who came to China to inspect the equipment, the technological management, and the transport capability of China's aviation industry, and the technological standard of the Chinese workers. According to the demands of the foreign entrepreneurs, China made a huge investment to help its aviation industry carry out technological transformation in all aviation enterprises. China also spent a huge amount of funds on purchasing

high-grade precision and sophisticated aircraft processing and testing equipment, and on training a technological backbone for its aviation industry. The various Chinese aviation enterprises also established various types of foreign trade institutions, formulated a whole set of rules and regulations, and examined and appointed a batch of inspection personnel according to the requirements of the foreign entrepreneurs.

2. The trial-production stage. According to the processing designs provided by the foreign aviation companies, China's aviation industry trial-produced and processed samples for foreign aviation companies. So long as those samples met the technological requirements of the foreign aviation companies, production permits were issued to the enterprises which had produced them. Today, a large number of China's aviation enterprises have obtained production permits from foreign aircraft engine manufacturers and are producing aircraft parts and components for them.

3. The small-scale production stage. After China's aviation industry gradually stabilized its production of aircraft parts and components for the foreign countries according to the technological requirements of the foreign aviation companies, it began to sign more contracts with foreign companies and gradually increased its production.

4. The contract stage. Today, China's aviation industry has been turned from one which only carried out processing of aircraft parts and components for foreign aviation companies by using the materials, blueprints, and sample products supplied by the foreign aviation companies, into an industry which carries out the processing of aircraft parts and components for the foreign aircraft manufacturers by using materials provided by itself and by independently organizing the production, carrying out product inspection, and executing the batch export of its products. In future China will contract and produce certain complete aircraft parts and components for the foreign aircraft manufacturers, instead of merely processing them. Some of China's aviation enterprises will become the sole qualified contractors to foreign aircraft manufacturers and foreign aircraft engine manufacturers, and will even become qualified to participate in international competition for the production of latest-model aircraft parts and components. This shows that China's aviation industry has already reached the advanced international standard.

At the beginning of the 1980's the first contract signed between the Chengdu Aircraft Engine Company and the American Pu Hui [2528 1920] Company only involved several thousand yuan. Since then, the Chengdu Aircraft Engine Company has signed 26 contracts for the export of aircraft engine parts with the United States, Switzerland, Japan, Singapore, Hong Kong, and some other countries and regions in the world, involving a total of over \$40 million. At present, the Chengdu Aircraft Engine Company has signed a contract with the American Pu Hui Company to produce 66 types of more than 40,000 products for them.

In 1984, the Xian Aircraft Manufacturing Company on average overhauled the hatch doors of one U.S.-made Boeing-747 [B-747] aircraft per month. Now, the Xian Aircraft Manufacturing Company overhauls the hatch doors of 10 B-747 aircraft per month. As a matter of fact the Xian Aircraft Manufacturing Company now overhauls five-sevenths of the Boeing Aircraft Corporation's B-747s. In 1988, China is expected to sign a contract with the Boeing Aircraft Corporation to produce all hatch doors for U.S.-made B-747 aircraft.

The wide-ranging international cooperation has greatly strengthened relations between China's aviation industry and the international aviation industry, and strengthened the competitiveness of China's aviation industry products on the international market. So far, some well-known international aviation companies, such as the Boeing Aircraft Corporation, McDonnell-Douglas Aircraft Corporation, Sikorsky United Technology Corporation, British Aerospace, Schaudt [xiao te 5135 3676] Aircraft Corporation, Jia Kong [0502 4500] Aircraft Corporation, and so on, have signed production contracts with China's aviation enterprises.

Today, China's production of aircraft parts and components has developed from the production of some minor aircraft parts and components into the production of major aircraft parts and components, and from simple mechanical processing into complicated precision processing. China's aviation industry is now producing a large variety of aircraft parts and components of a high technological standard. Since 1985 the annual volume of contracts signed between China's aviation industry and foreign aviation companies has exceeded \$25 million. Since 1986, a number of foreign aviation companies have expressed their willingness to cooperate with China's aviation industry in producing the latest-model aircraft and aircraft engines. In August 1986, China and the United States undertook a joint project to develop the advanced FT-8 Gas Turbine, with one-third of the products being designed and produced by China. In July 1987, the first MD-82 plane made by a Sino-American joint effort passed its flight test. On 15 October 1987, the China Aviation Technology Import and Export Company and the MBB Company of the Federal Republic of Germany officially signed a contract to jointly manufacture the MPC-75 aircraft which is expected to be in great market demand by the 1990's. This demonstrates that China's aviation industry is now capable of developing and producing latest-model aircraft through cooperation with foreign aviation companies.

Commentator Urges Work-Study Program Support
HK040915 Beijing GUANGMING RIBAO in Chinese
18 Mar 88 p 1

[Commentator's article: "Much Can Be Accomplished in the Work-Study Program"]

[Text] Along with the deepening of education reform, the work-study program, an activity full of vitality, is developing vigorously in many schools throughout the country. Examples in Jilin and Liaoning Provinces and in

Beijing indicate that the work-study program is an undertaking in which much can be accomplished and which should be vigorously supported by all sides.

The work-study program is not a new invention, but one of the good traditions in China's education. As early as in the 1950s, secondary and primary schools widely conducted the work-study program and treated it as an important means for integrating education with production and for cultivating students' labor skills and good moral quality. The 13th CPC Congress laid particular stress on upgrading laborers' quality and on education serving socialist construction. The vast number of secondary and primary schools must cater to the reality of socialist construction, and must base their work on cultivating a large number of experts and pioneers for developing the commodity economy in the rural areas and on training many excellent workers and junior-level and middle-level technological professionals in cities. Various activities of the work-study program can help improve students' concept of labor and practical technology, and can upgrade their ideological and technological quality. Therefore, conducting the work-study program is one effective way to implement our educational policy in an all-round way and to foster a new socialist generation under the condition of reform and opening up. It is an important component part of the socialist educational cause.

The income from the work-study program is an important source for making up our inadequate educational fund and for improving school conditions and teachers' welfare and remuneration. Due to its limited financial strength, the state is unable to spend more money on developing education, thus resulting in a sharp contradiction between educational development and the serious inadequacy of educational funds. To develop education according to our national conditions, we cannot merely rely on the state but must also depend on the initiative of all parts of society. As far as education itself is concerned we must widely conduct the work-study program. According to incomplete statistics, the country's total income from the work-study program reached some 1.7 billion yuan last year, equivalent to the increased proportion of the fund for popularizing education allocated by financial departments at all levels for 1 year. The income from the work-study program reached over 500 million yuan in Jilin Province and over 200 million yuan in Liaoning Province. This is not a small figure. The state allocates only 400 million yuan every year to secondary and primary schools for buying instruments and equipment. At this rate, it will take more than 30 years to solve the problem of the serious lack of instruments and equipment in secondary and primary schools. If the national income from the work-study program could be increased by several hundred million and if this income can be used to improve school conditions, then the situation would be much better. Moreover, in the near future, the improvement of secondary and primary school teachers' pay would also rely on income from the work-study program. It seems that principals must grasp teaching in one hand and the work-study program in the other. Practice has proved that provided we grasp the work-study program in a correct way, it is absolutely possible to deepen education reform and to promote the upgrading of the quality of education.

Schools have many difficulties in grasping the work-study program, so it is necessary to encourage everyone to "give a hand to schools." Industrial, agricultural, commercial, and financial departments; economic commissions; planning commissions; and banks can do something to help schools carry out the work-study program. For example, they can make things more convenient for schools in all links from production to circulation, give preferential treatment in the fields of funds, material supplies, and taxation, and give support in the areas of human, financial, and material resources and in providing space. In fact, some astute people and some departments and units have done so. They not only give schools "eggs," but also, and more importantly, "hens which can produce eggs." Hunan's financial departments provided loans of 30 million yuan each year to support the activities of the work-study program for 3 consecutive years. The relevant departments in Jilin and Liaoning provinces even adopted effective measures to instill vitality into the work-study program. People say that the income from the work-study program, the funds allocated by the state, and the funds raised by people in society are "the three mainstays of funds for popularizing education." This is quite justified. It is hoped that people in all social circles will take real action to make the work-study program, a "mainstay" of finance for education, more prosperous and solid.

Astronautics Industry Put to Civilian Use
HK040854 Beijing CHINA DAILY (BUSINESS
WEEKLY Supplement) in English 4 Apr 88 p 1

["Special" to BUSINESS WEEKLY" by Chang Weimin:
"Space Industry Turns to Civil Production"]

[Text] China's astronautic industry is trying to bring its equipment, science and technology personnel—the best in the country—into full play for civilian use.

In 1979, as the State decided to turn its focus on economic construction, believing that another world war was unlikely to break out in the near future, it called on military industries to help develop the country's civilian economy.

The country's military industries—astronautic, aviation, ordnance and nuclear—have since utilized much of the country's best equipment and elite science and technological personnel to produce goods for civilian use.

So far, the astronautic industry's annual output value of products for civilian use has accounted for 72 per cent of its total output, Cai Bingquan, deputy director of the Machinery Division of Products Development Bureau of the Ministry of Astronautic Industry (MAI), told BUSINESS WEEKLY.

That means the industry is leading the country's military industries into producing goods for civilian use.

The percentage figures for the aviation, ordnance and nuclear industries are 60, 40 and 33, respectively.

The annual output value of the astronautic industry's civilian-oriented production registered a 45 per cent increase over that of the previous year.

Among the products were high-quality and name brand goods such as Shanghai colour televisions, and Fenghua refrigerators.

This year, the MAI plans for its some 100 enterprises to produce 11,500 motor vehicles, 590,000 TV sets, 300,000 washing machines and 80,000 bicycles, Cai said. The MAI also hopes to earn \$30 million this year by exporting TV sets, refrigerators, mini-electric motors, digital-control linear cutting machines and other goods.

However, the industry, which started in 1956 and now has 25 percent of its staff as engineers and technicians, still has about half of its productive capacity not utilized, Cai said.

By the end of last year, the People's Liberation Army demobilized 1 million men and there was a corresponding decline in military orders.

As well as meeting the demands of military production and manufacturing goods for civilian use, the MAI has approved 100 projects to develop new products. About half of the projects have already passed ministerial appraisal.

Among the projects are hovercrafts, still in their infancy stage in China, electric vehicles and second generation robots, Cai said.

Completion of these high-tech projects will go a long way in helping to tap the industry's full potential, Cai said.

Most of the projects are now smoothly under way. Many are badly needed in the country's civilian industries, farming and other services and a few have already been put to practical use.

"However, there are still some problems in bringing all the industry's powers into full play both for military demand and civilian need," Wang Maochang, director of the Comprehensive Division of Products Development Bureau of MAI, said.

The enterprises under MAI used to turn out military products. There was no need to worry about funds, which the State guaranteed, nor markets. Their only concern was to meet State-set quotas, Wang said.

East Region

Shandong Secretary on Enterprise Reform

SK021152 Jinan DAZHONG RIBAO in Chinese
17 Mar 88 pp 1, 3

[Text] On the afternoon of 11 March, Liang Buting, secretary of the provincial party committee, delivered a speech on further invigorating the large and medium-sized enterprises throughout the province at the forum sponsored by DAZHONG RIBAO on deepening reform among large and medium-sized enterprises. The following are excerpts of his speech:

Enforcement of the Businesses Responsibility System Represents a Chinese Way To Operate Enterprises [subhead]

The convocation of this forum is very fine. I believe we could not have successfully convened such a forum 2 years ago because the responsibility system truly began in 1987. Past defects in operating enterprises were to have them "eat from the same big pot," to manage these enterprises in line with the state plan, to not distinguish between achievements and poor output, to not pressure enterprises, and to not urge them to exert motive forces and assume risk. Under such circumstances, it was naturally impossible for us to have them earn large profits for the state.

The CPC Central Committee and the State Council put forward in 1987 that we should generally enforce the management responsibility system among enterprises to orient their reforms on a standardized track. Leading comrades of the central authorities have attached great importance to the responsibility system and have treated the system as a Chinese way to operate enterprises. We have also contended that the system is suitable to our country's conditions in view of various experiences and lessons gained by socialist countries and our country over the past 30 years or so. Generally speaking, we are developing a planned commodity economy and have conducted great reform among the former product or planned economy. In dealing with the relationship between the state and enterprises, we have separated management from ownership and have adopted measures for contract responsibility. We have also conducted relative reforms in the management mechanism within enterprises and dealt with problems concerning the iron rice bowl and egalitarianism. A large number of participants at today's forum are "proprietors" or contractors. After reform, enterprises have felt greater pressure, received different treatment for having scored achievements or caused losses, and have actively assumed the risk after causing losses. In particular, enterprises that have enforced the responsibility system and the system of inviting tenders have had a large number of personnel who are truly competent in management make themselves known and have achieved a breakthrough in the former system of personnel affairs. Before enforcement of the responsibility systems in 1987, I believe quite a large number of contractors throughout the province

would have been unable to become plant directors or managers in line with the former personnel affairs system and the principle of giving priority to seniority. At present, such persons have come out as directors and managers and have scored marked achievements in managing enterprises. After signing contracts, some former plant directors and managers have even become different from how they were, shouldered heavy tasks, had themselves assume risk, and established a close link of interest between workers and plant directors and managers. After signing contracts, I believe our plant directors and managers have not slept well for many days and have used their heads all day long. Therefore, I contend that the opinions you have voiced at the forum are very vivid and realistic, which just represents the outcome of reform.

A Good Environment Should Be Created for Carrying Out Enterprise Reform [subhead]

In 1984, when we were drawing up plans for comprehensive reform, I had an informal discussion with 10 plant directors in Yantai. One director said to me: Have you ever listened to the opera "Sending Susan to the Court Under Guard?" The first line sung by Susan on stage is just one word—painful! He said: The first word in statements by us plant directors is also "painful". I was told that plant directors participating in this forum complained of much hardship and suffering, but I believe the current hardship and suffering is not so bitter as that during the period of Susan, and is different. Many plant directors said that they still have hardship and suffering, that is, some functional departments of governments grab powers that should be delegated to plants. Although enterprises were contracted out, some decision-making powers in management have not yet been granted. Late last year, while discussing 1988, the plenary session of the provincial party committee put forward the task of carrying out urban economic structural reform by focusing on invigorating large and medium-sized enterprises. We should enliven the contracted-managerial-responsibility system of enterprises and their managerial mechanism in line with the principles of "coordinating, deepening, improving, and developing." All government departments, including departments at the provincial, city, and county levels, should assign priority to changing their functions and delegating powers to lower levels this year. Those powers in human, financial, and materials resources and in production, supply, and marketing that should be delegated should all be delegated to lower levels. If government departments still refuse to delegate these powers to lower levels this year, at least a half of the contract measures will come to nothing. It is true that we have allowed enterprises to assume responsibility for their own affairs. However, if we refuse to create external conditions for them, and grant no powers to them, our contract system will become a mere formality, and we will be unable to make arrangements with contractors. Here, the provincial party committee and the provincial government ask all their subordinate departments to actually change

their functions and transfer powers to the lower levels. Those departments that fail to do so by the first half of this year will be given a "yellow card," and those that fail to do so until the end of this year will be given a "red card."

One of the problems about which plant directors complained much is the excessive financial levies. Some government departments ask for money and goods from enterprises, while others interfere with the internal affairs of enterprises. After implementing the contract system, no departments are allowed to ask for unjustified financial levies from enterprises, or arbitrarily intervene in the internal affairs of enterprises. In my opinion, this must be guaranteed. If we fail to do so, the enterprise-contracted-managerial-responsibility system will also become empty talk. If an enterprise really performs very well after implementing contracted management, we must give benefits to it, including all of its workers and staff members. Only by so doing can we really mobilize the initiative of a large number of workers and staff members. This is included in the "17 rules" we advocated in 1986. However, it has not yet been completely fulfilled. Of course, a limit is also needed. Some localities really have difficulties. When an enterprise, a large one in particular, is located in a certain locality, this locality must improve services in various fields and build auxiliary projects. Therefore, this locality should be allowed to extract financial levies from this enterprise. We should conduct investigations. Those that should be checked must be checked. Those that need demarcation lines should be provided with regulations. These regulations should be formulated based on the opinions of various fields, be agreed to by enterprises and local governments, and basically be approved by various departments.

This indicates that it is necessary to create a favorable external environment for enterprises to carry out the contract system. After carrying out the contract management system, plants are authorized to exercise decision-making powers with regard to in-plant organizational setups. Plants should take charge of work that relates to the party, governments, trade unions, CYL, public security, armed fronts, patriotic health, environmental protection, and family planning. This issue was stipulated in the "17 rules." I believe that some in-service cadres are able to take charge of work in this regard on the premise that subsidies should be given. Party organizations of enterprises should also encourage their in-service cadres to take charge of work in this regard. Particularly, full-time deputy secretaries of party committees of small and medium-sized enterprises are allowed to take charge of work in this regard with subsidies to be given. I believe that this will be an orientation for future reform. In-service cadres of party committees are allowed to do so, let alone those among other departments. Success in this regard relies on the skills of plants, as well as relevant departments in charge of professional work, but does not rely on establishing special organizations or employing a

large number of special cadres. Fighting according to the tactics of relying on a huge crowd of people cannot be called a skill.

Political Structural Reform Should Suit the Demands of Economic Structural Reform [subhead]

This year, we do not plan to carry out comprehensive political structural reform. But, we should conduct the necessary support reform in coordination with economic structural reform. The necessary support reform should be carried out in places that are confronted with difficulties that crop up during economic structural reform. Comparatively speaking, contractors should assume responsibility for the work of enterprises where the contract-management-responsibility system is being carried out. Thus, the plant-director-responsibility system can be called the contractor responsibility system. Enterprises where the contract system has been introduced should rationalize their inherent party and government relationship in line with the contractor responsibility system. The centralized leadership exercised by the party within enterprises was a historical process. However, enterprise party cadres have made proper contributions. At present, reform must be carried out to meet the demand for the four modernizations set by the central authorities. Instead of exercising centralized leadership over all matters within the enterprises, party committees of large, medium-sized, and small enterprises should play a supervisory and guarantory role. Strict demands for political structural reform should be set on enterprises the party committees of which try to create obstacles for implementing the contract management system instead of promoting or guaranteeing implementation of the system. This year, prefectures (cities) and counties should conduct, on a trial basis, political structural reform among these areas. Weifang has conducted reform on a trial basis. We also think that Weihai should conduct pilot reforms ahead of others. Zhucheng and Laiwu Counties have gained experience in this regard. The province should conduct investigation and study and do a lot of work concerning separating party and government functions, transforming functions, and delegating powers to lower levels. We should adopt the principle of prudence and stability toward establishing organizations and the authorized size of their staff and personnel.

Enterprises should rely principally on development and improvement of markets for production factors to create conditions for relaxing the strain on energy resources, raw materials, and capital. Enterprises should try every possible means to minimize mandatory planning targets. I believe that it will take 3 to 5 years to develop and improve markets for production factors.

The "double-track system" should be applied to the prices of some means of subsistence and production. The prices of other goods should also be deregulated as much as possible. We should emphatically conduct research on issues that concern the circulation sphere, and abandon

monopolized purchases and marketing by the state as quickly as possible. When conditions permit, we should allow as many production units to meet directly with marketing units as possible within this year. Enterprises may meet directly with enterprises and establish long-term contractual relations directly between them without going through state commercial, material, and supply and marketing departments. Changing the circulation system that focuses on vertical circulation into one that focuses on lateral circulation will be very convenient to producers and managers. Why should cotton mills not establish direct links with cotton clothes plants? Enterprises with farm and sideline products as their raw materials may establish their own raw material bases in rural areas. This is also a kind of lateral cooperation. Enterprises do not have to cooperate or sign contracts with other enterprises of the same trades. They may carry out inter-trade cooperative management. In the future, when the investment system is changed, state enterprises and collective enterprises may invest in each other, and heavy industrial enterprises may also invest in light industrial enterprises. Enterprises may invest in any projects that can yield benefits, and buy shares from one another. This is also the case with contracts. Any obstacles to the development of productive forces must be removed sooner or later. Therefore, we should not wait. Removing one obstacle means making one contribution, removing two obstacles means making two contributions, and if one removes three obstacles, one should be awarded a citation for great merit. We should emancipate our minds. Our world is as boundless as the sea and the sky; we can undertake any projects conducive to the development of productive forces. No matter whether in production or circulation links, the ultimate criterion for reform is to judge whether or not it conforms to the standard for the development of productive forces; all reforms should meet the standard. To achieve this, we should resolve how to correctly treat discipline and the objective law. We should affirm, first of all, that discipline is a guarantee for unifying action. Generally speaking, most of the articles formulated since the 3d plenary session of the 11th party Central Committee have reflected the requirements of the objective law. However, things are developing rapidly, and are complicated. Sometimes, some of the discipline articles fail to reflect the law objectively, and even obstruct the functioning of the law. Under such circumstances, we should be brave to adhere to the principle that practice is the only criterion for truth, persistently orient discipline to the needs of the law, and decide on our work in line with actual conditions.

Reform Needs A Contingent of Entrepreneurs That Is Rapidly Expanding [subhead]

Comrade Ziyang has stated that our country should establish two contingents in the future. One is a contingent of politicians, those with the title of "chiefs." The other is a contingent of entrepreneurs. What are large and medium-sized enterprises? Some of them are at the department or bureau level, and others are at the county

or section level. Divide enterprises this way means to apply administrative methods to enterprises and institutions. We should eliminate such a feudal hierarchy step by step. Entrepreneurs are entrepreneurs. Some people say that entrepreneurs lack social status. I say that entrepreneurs have a very high social status that everybody envies. Our social status is created by ourselves and is determined by our contributions to the four modernizations and to the people. In our province, the contingent of entrepreneurs, who are worthy of being called such, should be expanded rapidly. We may even plan to establish an association of entrepreneurs. This is not to say that enterprise directors are entrepreneurs. Only those who are qualified can join the association. We may allow the association to send people to the plants that are poorly managed. The association should muster a number of people with rich experience who are good at operation and management, and establish a strong contingent.

Today, when people are serving as plant directors, they should not aim at serving as bureau directors, or as "officials in charge of political affairs" some day. Now we are encouraging personnel of party and government organs to go down to the grass-roots levels to contract for the management of enterprises. The contingent of party and government personnel should be reduced, while that of enterprise personnel should be expanded. If our province had 5,000 or 10,000 entrepreneurs who are truly good at operation and management, our economy would have developed much faster. When one joins the association, one should be engaged in this work all one's life. We may call it a club, or a saloon.

Continue To Maintain the Good Trend in Economic Development [subhead]

Based on the guidelines of the central authorities, the provincial party committee also has an idea—to correctly understand the current economic situation. This year we call for continuously maintaining the current good trend of development, and never weakening it. A small number of comrades have a different view on the current situation, holding that our growth rate is expedited, and the bowstring is drawn too tight. We do not agree with this view. Comrade Ziyang pointed out recently that the current fairly high growth rate is healthy. There was a specific situation when we stressed reduction, control, and tightening up over the past few years. New changes have taken place in the situation at present. It will not do if we do not utilize the favorable conditions we have, and develop when we have the room for development. Over the past few years, the economic growth rate of Shandong has become increasingly higher every year, and the provincial party committee contends that such a growth rate is normal and healthy, and that we have the favorable conditions and necessity to maintain it completely. The "upper-high" and "overheated" growth rates mentioned by the central authorities over the past few years were growth rates made to boom by foreign exchange and loans. There are some factors that

lead to an unstable economy. First, however, we should not overemphasize them. Second, we should adopt positive principles to eliminate these factors in production. The instability we are talking about is caused by partial factors, and is not comprehensive. Take commodity prices for example. The problems in commodity prices are reflected in nonstaple foods. Besides, we should not judge commodity prices from an old point of view. Commodity prices represent a lever, which is used to regulate consumption and production, and the signal it gives is one to guide production. If we fix it with a screw, it will no longer be a lever, and will no longer give signals. Therefore, we are very optimistic about the economic situation. In January, we created a good beginning, achieving the highest growth rate in several years, and the economic results were also very good. Your enterprises are backbone and leading enterprises, and should not be undetermined when dealing with the issue of developing productive forces. Based on your capacity, you should exert your utmost efforts, and achieve the highest possible growth rate. We will adopt all possible means to provide favorable conditions for you. It goes without saying that economic results should be improved simultaneously. You should not listen to talk that would slacken efforts or dampen enthusiasm. Just turn a deaf ear to it. From a long-term point of view, we may say that Shandong's economy has entered a period of new development, in which there is both a fairly high growth rate and fairly good economic results. We may also call it a stage on the ascent. Opening up has given us great power, which is a great impetus. Reform should be continuously deepened this year. This is also an impetus. We have no reason whatsoever not to develop well. We should unify our thinking, and exert concerted efforts to develop Shandong's economy faster and more successfully, and make still greater contributions to the country.

Shanghai Developing New Type of Carrier Rocket
OW032352 Shanghai City Service in Mandarin
2300 GMT 2 Apr 88

[Text] A meeting was held in Shanghai on 2 April to celebrate China's successful launching of its third communications satellite. According to information from the meeting, Shanghai's astronautics industry is developing independently a new type of carrier rocket for use in launching China's first meteorological satellite.

This will be the first carrier rocket developed by Shanghai alone. The meteorological satellite to be launched with this carrier rocket is a polar orbit satellite synchronized with the sun. Large, new generation ground satellite tracking and control equipment has been completed recently at the Shanghai Scientific Instrument Plant of the Ministry of Astronautics Industry and has been checked and accepted by the user. It will be shipped soon to its base for assembly and testing.

According to (Yuan Hui), a reporter of this station: (Shi Junmiao), deputy director of the Shanghai Municipal Bureau of Astronautics Industry and leader of the Shanghai test team, made a report at the celebration meeting

on the launching of China's third communications satellite from the Xichang Satellite Launch Center in Sichuan Province on 7 March. Prior to the launch, some 150 engineers and technicians of the Shanghai test team spent more than 2 months on seriously, carefully, and rigorously testing and examining 254 pieces of important equipment in the Long March-3 carrier rocket, including its motor, airframe, power system, ballistics case, remote control system, and attitude control system. Their efforts ensured the successful launching of the communications satellite with the Long March-3 carrier rocket into orbit 3,600 kilometers above the equator. At present, the satellite is operating normally, showing that it can perform all its designed functions. Its lifespan will be longer than the first two communications satellites. It will perform such functions as telecommunications, broadcasting, and television relay.

The successful launching of this satellite shows that China has become more capable in practical application of space technology and it has laid a foundation for selling the products of its astronautics industry on the international market and for contracting to launch satellites for foreign countries.

Shanghai Scientists Support Reform Measures
OW011314 Beijing XINHUA in English 1243 GMT
1 Apr 88

[Text] Shanghai, April 1 (XINHUA)—Economists agree the introduction of a contract responsibility system specifically worked out to boost Shanghai's economy was a turning point in the city's development.

Under this system, the central government will collect a fixed percentage of the revenue the city collects over the next several years, and the city government is also working hard to develop Shanghai's export-oriented economy.

At present, Shanghai boasts 1,069 research institutes and 390,000 scientists and technicians, and last year half the city's 1,540 research findings were snatched up by neighboring provinces.

Attempts are being made to apply more of the city's research findings in Shanghai because the city is now directly responsible for profits and losses.

A city government official said, "These days, Shanghai's scientists and technicians are enthusiastic about the city's economic development, which is geared towards improving technology."

To help meet this goal, Zhou Guangzhao, president of the Chinese Academy of Sciences, visited Shanghai earlier this year and chaired a conference.

At the meeting, Zhou suggested the city's scientists try harder to promote Shanghai's push to develop an export-oriented economy by doing more research on practical and new technology.

The municipal government has also enacted 16 policies to get more scientists and technicians to help hit the target and to encourage cooperation between research units and enterprises.

The official also said, some special laboratories will be organized to test new research findings in the hope of shortening the time span from discovery to production application.

Planned information networks will also help the city's products break into the international market.

Qingdao Designates Area for Japanese Investment
HK040904 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 4 Apr 88 p 4

["Qingdao Lures Japanese Business" by staff reporter Qu Yingpu]

[Text] Qingdao, a large port city in Shandong Province, is going to designate a special area for Japanese investors to set up businesses.

Guo Songnian, mayor of the city, said an area of six-square-kilometres will be earmarked in an economic and technological development zone for Japanese firms to come and help build an export manufacturing base.

A Japanese delegation was in Qingdao last week carrying out research, and was expected to sign feasibility studies agreements on Tuesday, Guo said.

the feasibility studies are expected to begin in May and finish next February. It is hoped work will begin on the export base next May, he said.

The plan is to set up 400 enterprises with Japanese investment by the end of this century. Most will be solely Japanese-owned, Guo said. These enterprises are expected to concentrate on food processing, electronics, chemicals, machinery and textiles. their total export value is expected to reach 2 billion yuan by the year 2000.

Most of the raw materials will be imported, apart from those for food processing firms, and all of their products will be sold outside China, mainly in Japan, Guo said.

The Japanese Government is expected to encourage its firms to come to Qingdao by providing soft loans and other preferential policies such as lower taxes, he said.

Qingdao will provide inexpensive labour, convenient transport and communications, and receive product and income taxes. How much the Japanese will keep of their profits is yet to be decided, Guo said.

According to a well-informed Japanese source, the base will need about 400 million yuan to complete capital construction, including the laying of water pipes, roads and electrical power lines.

Guo said Japan has conducted a survey among its 5,000 medium-sized and small enterprises. More than 1,000 replied to the survey and 690 showed an interest in coming to Qingdao.

According to Japanese sources, their government also wants to help Qingdao choose what to produce for export. It will also provide specialized technology.

Guo said the Japanese picked Qingdao as a site for their businesses because they believe the city has rich natural resources which are lacking in most Chinese coastal areas, a good manufacturing foundation and vast hinterland including several central provinces, and convenient transport links.

The city is speeding up construction of the Huangdao Power Plant and the installation of a 20,000-line programme-controlled telephone exchange. The city's problem of inadequate transportation, power and telecommunications facilities is expected to be solved when the projects are completed this year.

Guo said Qingdao is also planning to designate another piece of land in its 15-square-kilometre economic and technological development zone for Singapore businesses to build another export-oriented manufacturing base. Their products are expected to include mainly processed food, fruits, vegetables, poultry and eggs. All the products will be shipped back to Singapore.

According to sources, a recent big survey sponsored by a Japanese association shows an increasing number of Japanese firms are interested in investment in the Chinese mainland.

About 34 percent of the 5,271 enterprises surveyed said they were planning or considering investing in the Chinese mainland, 16 percent more than the number of enterprises already having investment in the mainland. thus, the Chinese mainland has risen to the third most popular choice, after North America and Taiwan.

In the past, 47 percent of Japanese firms chose North America to invest their money, and 45 percent chose Taiwan. Fewer than 20 percent picked Thailand and the Chinese mainland. But the recent survey showed North America has lost 12 percentage points while Taiwan lost 19 percentage points in the number of Japanese firms willing to invest their money there.

This survey started last September and included firms with assets of more than 30 million yen and a staff of more than 50 people.

However, the survey also showed some of the enterprises were still worried about the investment environment on the Chinese mainland.

Their complaints included: too much control from various government departments; complicated procedures; difficulties in balancing foreign exchange earnings and spending; lack of good capital construction; poor management and poor quality products; and difficulty getting information about economic development.

Zhejiang Promotes Tourism in Hangzhou

OW030235 Beijing XINHUA in English 1527 GMT
2 Apr 88

[Text] Hangzhou, April 2 (XINHUA)—"Hangzhou the beautiful" — this is the publicity slogan to be used by the Zhejiang tourist officials to attract foreign visitors.

Hangzhou, capital of Zhejiang Province, is one of China's best known scenic cities.

At a press conference here today, a spokesman for the provincial Tourist Bureau also made public a logo for the same purpose.

The logo bears the picture of a famous site at the picturesque West Lake with a stone pagoda in the foreground and a full moon in the background.

Special Customs Service Set Up in Zhejiang City

OW041240 Beijing XINHUA in English 1048 GMT
4 Apr 88

[Text] Hangzhou, April 4 (XINHUA)—A special customs service has been officially set up in the City of Zhoushan in east China's Zhejiang Province with approval from the General Customs Administration.

Located in northeastern Zhejiang, Zhoushan consists of 1,339 islets located in the Yangtze River Delta and is known as a fish-producing area. It also boasts an ice-free, deep-water port.

A city official said the opening of the customs service will help boost the city's foreign trade economy and cultural and scientific activities.

Central-South Region

Zhuhai To Contract Enterprises to Foreigners

HK050529 Beijing ZHONGGUO XINWEN SHE
in Chinese 1319 GMT 22 Mar 88

[Text] 22 March, Zhuhai (ZHONGGUO XINWEN SHE)—In an interview with our reporter here today, Liang Guangda, mayor of Zhuhai City, pointed out: This

year Zhuhai will be transferring large numbers of enterprises to foreign businessmen to manage under contract with the view of assimilating as much foreign advanced experience in business and management as possible so that the Zhuhai Special Economic Zone will enter a new stage of developing export-oriented economy.

The mayor stressed: This year Zhuhai will give fuller play to all policies specially formulated by the central authorities and Guangdong Province for the special economic zones in a bid to secure sizable foreign investment. We must boldly introduce those projects which can be guaranteed in the international market, achieve better economic results and balance foreign exchange, but the emphasis should be placed on importing projects helpful for the expansion of production.

At the economic and trade talks sponsored by Guangdong Province in Hong Kong this month, Zhuhai concluded more than 100 contracts with foreign businessmen amounting to more than \$700 million, of which over \$500 million is foreign capital. The major projects include: The first-phase project of the Zimu Tire Plant with a total capital of \$60 million put up by British businessmen, a textile town with investment by Kuwaiti businessmen at Xiawan, a 300,000 pig-breeding farm and a meat-packing plant in which Danish businessmen have invested \$29 million in the Jinding area, and a lumber processing mill invested in by Canadian businessmen on Qiao islet.

Liang Guangda said that construction of all these projects would be completed this year and next year and then go into production.

He said feasibility studies are underway on building the Guangzhou-Zhuhai railway. Several plans must be compared and attention paid to economic results.

Macao is planning to build an international airport. What about Zhuhai? Liang Guangda replied: Since Macao has decided to build an airport, there is no need to build another in Zhuhai.

Henan Vice Governor on Science, Technology

HK050206 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 29 Mar 88

[Excerpts] Vice Governor Yu Youxian, who is in charge of the province's scientific and technological work, yesterday spoke at a provincial work conference of scientific and technological cadres and a provincial meeting of agricultural science research institute directors. He told attendees at the two meetings that, in the face of the coastal economic development strategy, Henan must further ease policies on scientific research and science and technology personnel. He also said that the province must do its best to create conditions and provide places for science and technology personnel in different fields to play their role.

He said: Leadership organs must formulate some macro-economic policies that will ease policies on scientific research and science and technology personnel and must interfere with less specific problems at low levels. Thus all prefectures and cities can give full play to their initiatives. We must emancipate our minds according to local conditions and must not expect perfect regulations in the beginning. [passage omitted]

Yu Youxian stressed that the province's science and technology personnel must have a spirit of uniting and cooperating with one another; have a scientific way of thinking; pay attention to efficiency; reduce internal consumption; and make greater contributions to the province's economic development.

(Xu Guangxing), president of the provincial Science and Technology Association, yesterday relayed the spirit of the national work conference on science and technology.

Henan Vice Governor on Commodity Price Tasks

HK021727 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 28 Mar 88

[Text] In his speech at a provincial forum of commodity price bureau directors held on 28 March, Vice Governor Qin Kcai discussed this year's major tasks concerning commodity prices in the province.

According to Vice Governor Qin Kcai, the major tasks are: To meet the needs of the development of our commodity economy; to further deepen reform of commodity prices; to regulate commodity prices in a planned way and with focal points; and to adopt comprehensive and auxiliary measures to keep excessive rises in commodity prices under control.

Vice Governor Qin Kcai said: To fulfill these tasks, we must gradually establish a system to give proper compensation to our staff members and workers on the basis of changes in the prices of major foodstuffs. In principle, those who pay wages are responsible for providing subsidies for changes in the prices of major foodstuffs, with the purpose of ensuring a stable life for staff members and workers and particularly for those families with low incomes. We must create conditions for conducting reform of agricultural products and reform of all commodity prices.

Qin Kcai said: We must not equate the stabilization of commodity prices with the freezing of commodity prices. In accordance with the law of value, we must regulate the prices of a small number of undersupplied industrial products. This undersupply has had a serious adverse affect on production work and market supply. We must gradually establish a system for managing prices within enterprises and business consortia, strengthen the self-restraining mechanism within enterprises, and ensure that the rises and falls in commodity prices are advantageous to the readjustment of the industrial structure and the product mix.

Qin Kcai stressed: At present, the relatively noticeable price hikes are once again in foodstuffs and agricultural production materials. We must seize on these two focal points, successfully carry out propaganda work, and keep market price hikes under control. The fundamental way out for resolving problems in food prices lies in developing production and increasing the supply of meat, eggs, and vegetables. Our governor and vice governors as well as the mayors and vice mayors of all cities must pay attention to the supply of vegetables for the masses, ensure fulfillment of the plan for the acreage under vegetables, and make production arrangements in accordance with the principle that total production output slightly outstrips gross sales. We must do well in running the existing state and collective breeding farms, give energetic support to both specialized households and specialized villages, take the road toward intensive development, encourage all households to go in for establishing piggeries and raising chickens, gradually readjust the meat prices in large and medium-sized cities, and eliminate as quickly as possible the shortages of meat and eggs in our province.

Qin Kcai concluded: We must rectify and consolidate conscientiously our business channels for managing important industrial and agricultural production materials, strengthen administration in this regard, impose restrictions on price hikes, resolutely ban illegal management, and get the prices of agricultural production materials under control as quickly as possible. During the spring plowing period, we must make a comprehensive inspection of all the production, management, and marketing links concerning major products such as chemical fertilizers for agricultural use, diesel oil, and plastic sheeting, and resolutely protect the interests of our peasants.

Henan Bank Provides Funds for Housing

OW030257 Beijing XINHUA in English 1257 GMT
2 Apr 88

[Text] zhengzhou, April 2 (XINHUA)—In central China's Henan Province, 35,000 families have bought new housing over the past four years.

The Henan branch of China's People's Construction Bank raised the funds for building the 3.19 million square meters of housing and sold it between 1984 and 1987.

As the housing reform is in progress, more and more people are now turning to buying apartments to meet their own needs, provincial officials told XINHUA.

Henan Leaders Meet Peasant Entrepreneurs

HK040257 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 3 Apr 88

[Excerpt] On the morning of 3 April, 56 outstanding peasant entrepreneurs from all parts of Henan gathered in the Zhongzhou Guesthouse in Zhengzhou for a forum to give their views and suggestions on work regarding the

township and town enterprises. Leading comrades of the provincial party committee and government including Yang Xizong, Cheng Weigao, Hu Xiaoyun, Zhang Zhigang, and Song Zhaosu listened to their speeches. [passage omitted]

Henan Holds Meeting for Self-Employed

HK020937 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 28 Mar 88

[Excerpts] Our province has held its first provincewide commendation of advanced self-employed individual laborers.

At a 28 March meeting held by the provincial association of self-employed individual laborers, (Zhang Wenchun) and 379 other self-employed individual industrial and commercial operators were commended as Henan Province's advanced self-employed individual laborers. In addition, the (Jishui) district association of self-employed individual laborers in Zhengzhou City and 43 other units were commended as Henan Province's advanced associations of self-employed individual laborers; and (Zhang Rong) and 22 other cadres were commended as advanced workers of Henan Province's associations of self-employed individual laborers.

In his speech at the meeting, Vice Governor Qin Kecai noted: At present, the total number of individual industrial and commercial households at all levels in the province exceeds 760,000, with their personnel exceeding 1.38 million. They have become an important component part of our province's economy.

Next, Qin Kecai discussed three existing problems in the development of the province's individual economy.

First, minds need to be further emancipated.

Second, the lack of adequate sites for operating individual economic undertakings.

Third, the problem of discriminatory measures against individual households and the practice of arbitrarily imposing fines and collecting fees are still to be solved and eliminated. [passage omitted]

Yang Xizong, secretary of the provincial party committee, Hu Tingji, vice chairman of the provincial People's Congress Standing Committee, Qin Kecai, vice governor, and other leading comrades attended the meeting and had a group photograph taken with participants in the meeting to mark the occasion.

Hubei Governor Calls for Developing Economy

HK050224 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 3 Apr 88

[Text] How is Hubei Province going to take the challenge and increase its self-strengthening capacity in face of the impact from coastal areas on Hubei economic development? In response to this question, Governor Guo Zhenqian said during the first session of the Seventh NPC: Our basic line is to squarely face the challenge, seize the opportunity, effect an overall opening up, discover and give full play to our strong points, optimize our economic structure, lay emphasis on certain fields in economic exploration, deepen the reform, explore both the overseas and domestic markets, make resolute efforts, and thus enable Hubei to rise in central China.

Guo Zhenqian said: In order to enable Hubei to rise in central China, our leading cadres and enterprise managerial personnel are required to thoroughly change their conceptual framework, adopting a series of new concepts. These concepts concern the commodity economy, the market, on opening up and invigorating the economy, and on improvement of economic results. In the past, we always emphasized the principle of learning from others' strong points to offset our weaknesses. In fact, this is a self-assured conservative concept. Because we stuck to this concept, our strong points were not brought into full play and our weaknesses were not improved effectively. From now on, we must learn from others' strong points to supplement ours, so that our strong points will be increased. At the same time, we must resolutely discard our weaknesses. We must assimilate advanced processing technology and management experience by opening up more channels, establishing more ties, sending people out for training, inviting experts from other places to help train our people in the province, and importing foreign equipment and technology, so as to develop our province's advantages in the automobile, ship-building, whole set equipment manufacturing, textile, garment, foodstuff, chemical, and building material industries, to expand our share of the domestic and overseas markets, and to take part in the international market exchange operation.

With regard to Hubei's opening up, Guo Zhenqian said: In order to implement the plan on the reform of the foreign trade structure approved by the State Council, the five cities of Shashi, Xiangfan, Huangshi, Yichang, and Suizhou, which possess relatively favorable conditions, will start the pilot project of opening up before other cities in the province. We are now striving to make Wuhan become the first open city in the China hinterland and to have other cities along the Chang Jiang, such as Shashi and Ezhou, as well as some small cities and towns, opened one after another to the outside world. Within the present limits of our provincial government's power, we will adopt as relaxed policies as possible toward open cities in respect of taxation, loan granting, investment, material supply, and labor and personnel

administration, so as to attract foreign businessmen, foreign investors, and enterprises from other provinces and cities to make investments and establish plants and shops in Hubei.

With regard to deepening the reform and adopting the large market concept, Guo Zhenqian said: At present, we must rapidly build up the market of productive elements, while carrying on the reforms of the material supply structure, the financial structure, and the scientific and technological research structure. Our purpose is to build Wuhan into the largest market exchange center in China's hinterland. We must find out what kinds of domestic markets the coastal areas will give up after implementing the export-oriented strategy and study how we are going to occupy these abandoned markets, so as to readjust our production structure and product mix. Meanwhile, we must also give full play to the Jiangnan Plain's favorable condition regarding natural resources, develop processing industries, and expand exports. In mountainous areas, we can implement more relaxed policies to enable them to get rich sooner. As far as the second-step rural reform is concerned, the emphasis must be placed on large-scale, intensive, and modernized farming. It is necessary to straighten out and dredge the circulation channels for agricultural and sideline products, as well as those for agricultural capital goods. It is also necessary to take prompt action to release part of the existing rural labor force for the development of export-oriented agricultural and sideline product processing industries.

Hubei Vice Governor on Trade, Agriculture
HK020719 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 29 Mar 88

[Excerpt] In his speech delivered at a provincial conference on finance and trade work which concluded yesterday, Vice Governor Wang Hanzhang pointed out that the province's finance and trade departments must further strengthen their sense of reform and seriously put reform above all.

On enterprise reform, Wang Hanzhang said: Large and medium-sized state-run enterprises which have not yet instituted the contracted-management-responsibility system must do so before the end of this year. And we must institute more vigorously lease management responsibility in small enterprises. In the course of instituting the contracted-management-responsibility system, we must introduce the competition mechanism and select qualified managers by the method of employing them by contract, thus giving entrepreneurs who are skilled in business management the opportunity to display their ability.

In his speech Wang Hanzhang stressed that to support agriculture well, a top priority task at present is to support spring farmwork. Governments at all levels and all relevant departments must participate actively in the efforts to support agriculture. Industrial departments

must arrange seriously, according to plans, the production of chemical fertilizer, agricultural film, pesticide, and medium-sized and small farm equipment. Planning, materials, electricity, and banking departments must give priority to providing the raw materials, energy supply, and funds needed to support agricultural production. Supply and marketing departments must promptly grasp the allocation, transference, and supply of materials for agricultural production and ensure the smooth progress of spring farmwork. [passage omitted]

Hubei Secretary Calls for Promoting Reforms
HK020851 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 27 Mar 88

[Excerpt] Guan Guangfu, secretary of the provincial party committee, yesterday morning had an informal discussion with delegates to the ongoing provincial work conference on finance and trade in Wuchang. He demanded that the cadres, staff members, and workers of our finance and trade departments strengthen their study of economic theory, strive to master and apply successfully the law of value, and unswervingly promote reforms. [passage omitted]

Hubei Radio on Enterprise Reform Interference
HK020911 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 27 Mar 88

[Text] The Huangshi City Second Knitwear Mill put an unusual advertisement on the front page of the 24 March issue of HUANGSHI RIBAO, calling on people of various circles not to interfere in the mill's internal reform.

The advertisement says: Our mill will soon implement the full load work method. This will bring about changes in the wages and work of some staff members and workers. To ensure successful implementation of the work method, we hope that leaders at all levels and all our colleagues will give us their energetic support, and that they will not visit our mill to intercede and ask personal favors for others or to interfere in our reform.

Our station reporters (Li Chongde) and (Deng Xiusheng) visited the mill on 25 March to find out about the situation there.

In an interview with the station reporters, a leader of the mill said: The Huangshi City Second Knitwear Mill became a collective leasing enterprise in March last year. In the second half of last year, the mill leaseholders carried out a bold internal reform by readjusting the work, posts, and wages of a number of staff members and workers. However, there was much outside interference soon after the reform began. Over 10 leading cadres interceded personally and asked favors for people. The mill also received a large number of brief informal notes interceding and asking favors. As a result, the directors

of the mill found themselves in an awkward predicament. Taking advantage of their strong backing, some staff members and workers caused rows and also refused to accept the jobs that the mill assigned to them.

The mill decided recently to implement the full load work method comprehensively at the end of March. This means reducing second- and third-line personnel greatly to strengthen first-line forces.

(Lei Guiquan), deputy secretary of the general party branch of the mill, said: We fear that outside interference will affect our reform adversely. We have no alternative but to seek the help of the media in the hope of winning the support of public opinion.

Dear listeners, the aforementioned unusual advertisement published by the Huangshi City Second Knitwear Mill raises an issue to ponder. Reforms carried out by our enterprises require support and cooperation from all circles as well as favorable external conditions. However, in conducting internal reforms, our enterprises often come across outside interference. Some factory directors say: We fear neither high production targets nor heavy loads. We just fear receiving brief informal notes that intercede and ask personal favors for others. After receiving such notes, if we do not show due respect for the feelings of the authors of such notes, we will get into trouble.

This kind of phenomenon should merit our serious attention. In the final analysis, the practice of sending brief informal notes to intercede and ask personal favors for others is a manifestation of the unhealthy general mood of society and a manifestation of an unhealthy party style. In deepening internal reforms, the leaders of our enterprises should remove interference boldly, uphold reforms justly and forcefully, and do well in conducting thoroughgoing and painstaking work. On the other hand, all circles in our society should check vigorously the unhealthy practice of sending brief informal notes to intercede and ask personal favors for others, and should also help our enterprises remove obstructions, with the purpose of ensuring the successful promotion of reforms.

Hunan Province To Change Food Subsidy System
HK020635 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 30 Mar 88

[Text] According to a recent decision made by the provincial people's government on the basis of a study, starting 1 April, Changsha City will change its method of providing its residents with financial subsidies for pork, popular vegetables of dependable quality, sugar, and fresh eggs. The city will basically abolish hidden subsidies for business links regarding the prices of pork, eggs, sugar, and vegetables, and will switch from such hidden subsidies to open subsidies for staff members and workers. At the same time, the city will properly regulate the prices of pork, sugar, and fresh eggs. Similar reforms will

be conducted at different times by other prefectures, cities, and counties in the province, together with the allocation of similar subsidies for staff members and workers there.

Following the change from hidden subsidies for pork, eggs, sugar, and vegetables to open subsidies, the prices of pork and sugar on ration as provided by state-owned shops in our province will be readjusted to some extent. Eggs will continue to be exempt from restrictions on prices. Popular vegetables of dependable quality will continue to be grown in a planned way. However, the low-priced grain, cooking oil, coal, and chemical fertilizers provided for vegetable growers and the relevant acreage under vegetables will have to be linked with the amount of vegetables sold to the state-owned vegetable shops by the vegetable growers. In addition, relevant contracts, tasks, and rational purchase prices will be decided and set. Vegetable shops will sell rationally priced (vegetables). Restrictions on the prices of those vegetables that are not linked with contracts will be relaxed. There will be no restrictions on the prices of fine vegetables. There will be no change in the existing method of rationing grain and vegetable oil for urban residents, the selling prices of such grain and vegetable oil will not be raised, and the business losses incurred in relevant departments will continue to be subsidized by the state.

The price subsidies to be given to staff members and workers are subsidies for the purchase prices of pork, popular vegetables of dependable quality, sugar, and eggs only. The subsidies will be calculated on the basis of basic rations as well as the rises in such purchase prices since the end of last year. The targets of such price subsidies are cadres, staff members, and workers at state-owned and collective enterprises and units as well as cadres, staff members, and workers in government organs and Army units. In principle, the family dependents of such cadres, staff members, and workers will be given subsidies in accordance with the local 1987 provisions regarding the ordinal number (xu shu) of people financially supported by staff members and workers. Each of the staff members and workers in Changsha City will be given a 10-yuan subsidy per month. The criteria for this kind of subsidy in other prefectures, cities, and counties will be decided by local authorities, but the subsidies there must not be higher than those in the provincial capital.

Southwest Region

Yunnan Leader Addresses Document Study Course
HK020237 Kunming Yunnan Provincial Service
in Mandarin 2300 GMT 1 Apr 88

[Text] The fourth short course for cadres at and above section-level in the provincial organs to study the 13th party congress documents opened on 1 April. Pu

Chaozhu, provincial party committee secretary, delivered a report to mobilize this study and provide guidance. Over 50 departmental-level cadres and some 1,500 cadres at and above section-level in the provincial organs and institutes of higher education are attending the course.

Pu Chaozhu's report focused on four points: 1) the economic situation and future development trends; 2) the law of value; 3) the chance presented by the implementation of the economic development strategy for the coastal regions; 4) correctly understanding the relationship between party style and reforms and opening up.

Yunnan Holds Meeting To Explain Price Issues
HK040223 Kunming Yunnan Provincial Service
in Mandarin 2300 GMT 2 Apr 88

[Excerpts] The Kunming City CPC Committee and people's government held a gathering of cadres on 2 April to conduct propaganda and provide explanations in view of the rush by some people to buy certain commodities in short supply in the city in recent days. It was pledged at the meeting that various measures will be taken to stabilize the markets and prices.

(Chen Xiping), deputy secretary of the city party committee, first reported to the cadres on market trends in Kunming in recent years. He said: This year the city has raised the prices of certain commodities, but the increase has not been great. In March the city raised the prices of various commodities including soap and washing powder. Due to lack of propaganda and explanation, some of the masses panicked; there was a wild rush to buy soap, washing powder, toilet paper, white cloth, bed sheets, and so on. Some commodities normally in stock now cannot be found.

Comrade (Chen Xiping) said that the state will not raise lightly the prices of basic necessities. Even if prices are raised, subsidies will be paid to the staff and workers, to ensure that the rise in workers' income will exceed the price increases.

With regard to the fluctuations in the city markets in recent days, the city party committee and government have decided, after study, to adopt the following measures:

1. We demand that the cadres do a good job in propaganda and education to eliminate panic.
2. We will organize the production enterprises to vigorously increase output of daily necessities in short supply, to ensure market supplies.
3. We will organize the commercial departments to work through various channels and methods to buy more commodities to meet market requirements. [passage omitted]

4. We will strengthen price controls to preserve consumers' interests.

5. We will strictly control purchases by social groups.

Yunnan Prefecture Celebrates 30th Anniversary
HK020227 Kunming Yunnan Provincial Service
in Mandarin 2300 GMT 1 Apr 88

[Excerpt] A festive atmosphere prevailed in the seat of the Wenshan Zhuang-Miao Autonomous Prefecture on 1 April. Over 10,000 cadres and people of various nationalities enthusiastically celebrated the prefecture's 30th anniversary.

Present at the function were Zhao Tingguang, member of the Standing Committee of the provincial party committee and leader of the provincial congratulatory delegation; Chen Xin, vice chairman of the State Nationalities Affairs Commission; Fu Quanyou, commander of Chengdu Military Region; and representatives of units concerned and retired cadres who worked in the autonomous prefecture. [passage omitted]

North Region

Hebei's Capital Clamps Down on Price Speculation
OW050051 Beijing XINHUA in English 0843 GMT
5 Apr 88

[Text] Beijing, April 2 (XINHUA)—The government in Shijiazhuang, the capital of Hebei Province, has cracked down on shopkeepers and profiteers who have been raising prices of basic goods illegally, according to a report in today's "CHINA YOUTH NEWS."

In the past few days, the city has witnessed long queues of people waiting to buy food and other goods. Some shopkeepers were storing goods, rather than selling them, to raise the prices artificially. This was fuelled by some private sellers who spread rumours that prices of salt, matches, soap, and other products were going up.

On March 31, the city government issued a regulation that all large groceries should have at least 1,000 kilos of salt and all small groceries at least 500 kilos of salt on sale. Those who contravened the regulation would be fined.

One grocery storekeeper was fined 60 yuan for raising the price of a box of matches from 3 fen to 8 fen. Another shopkeeper was fined 500 yuan for putting a sign out saying that the shop had sold out of salt, while keeping a dozen sacks of salt in store.

In all, the government sent out 200 officials, including the city's Communist Party secretary, to dispel rumours of price increases and to enforce the regulations.

Northeast Region

Bidding Used To Appoint Heilongjiang Factory Head
OW021001 Beijing XINHUA in English 1539 GMT
1 Apr 88

[Text] Harbin, April 1 (XINHUA)—China's largest electric meters and instruments factory has appointed a new director through public bidding. XINHUA learned today.

Li Shenwen became the director of the Harbin Electric Meters and Instruments Plant yesterday after defeating 85 other candidates.

He said his plan for the factory is to reach the figure of 1.5 million yuan in profits this year, 4.5 million yuan in 1989 and 7.2 million yuan in 1990. A panel of interviewers was impressed with his presentation and gave him the job.

The factory has 5,000 employees and their representatives were present at the interview.

A 1965 graduate of the Harbin Industrial Engineering University, Li has worked in the factory for over 20 years and was once its deputy director.

Thanks to the ongoing reforms, Chinese factories are now allowed to recruit their own directors. In the past, factory directors were all appointed by the government.

Nevertheless, until recently the new policy had been mainly applied to small, collectively-owned factories.

The Harbin Electric Meters and Instruments Factory was 1.09 million yuan in the red last year and the local government decided it was an urgent matter to get a top-notch director, local officials said.

Jilin Implements New Contract Management System
OW020851 Beijing XINHUA Domestic Service
in Chinese 0038 GMT 26 Mar 88

[By reporter Huang Fengchu]

[Text] Beijing, 26 Mar (XINHUA)—Jilin Province has always been able to come up with some new ways for implementing the enterprise-contract-management system. Recently, reporters were briefed by deputies from Jilin attending the first session of the Seventh NPC in Beijing on another new form — the all-member-mortgage-contract system.

He Zhukang, deputy to the Seventh NPC and governor of Jilin, discussed the system's implementation with this reporter. Thanks to the implementation of various forms of the contract management system since 1982, Jilin's economy has been thriving. However, the province also realizes that these forms of the system are only initial

experiments in "separating the two functions" in enterprises and should be further improved and deepened. For instance, some contractors only want to share in the profit made by an enterprise, not wanting to share the burden of losses incurred. Some enterprises have failed to link the workers' interests with those of the owner and management. This situation has often resulted in a few people putting their hearts and souls into the business, while the majority are generally indifferent. To fulfill and deepen industrial enterprise reform, the province has promoted, since last year, the all-member mortgage contract system.

"What is the all-member-mortgage-contract system?" He Zhukang says it can be summed up in a few phrases. The system is, namely, one of public bidding on the enterprise's basic organization; inviting applications for its director; participation of all cadres, staffers, and workers in the contract; and pledging cash or property as security. The size of individual cash payments as security is determined by the responsibility shouldered by each staffer or worker. When a contract is not fulfilled, the loss will be met from the cash security. When a contract is fulfilled, bonuses are paid to the staffers and workers according to the size of their cash payments. By way of analogy, He Zhukang said: "The cash security acts like a 'glue' binding the interests of management, producers, and the state together and makes the staffers and workers real masters and property owners of their enterprises." He Zhukang cites another example. In the past, some departments often obtained free white wine from the Jiutai County winery. Approximately 10,000 bottles of white wine were given away by the winery each year. Since the all-member-mortgage-contract system has been implemented, not only the plant director but also the workers of the winery would no longer let anyone get free wine from the plant, because getting free white wine from the plant is like picking the pocket of the workers. He Zhukang said, in fact, the all-member-mortgage-contract system is a sort of stock system. Having every member of an enterprise pledge a security means they all share in the risks of an enterprise. The success or failure of an enterprise is closely bound with the interests of everyone. A sense of responsibility naturally falls on the shoulder of everyone.

Since Jilin Province introduced the mechanism of competition and the principle of risks into the contracted management system in 1987, its total industrial output value has increased 18.1 percent, ranking among the nation's best; industrial enterprises listed under the provincial budget plan have increased their profit margin by 33.7 percent and the province's financial revenue has increased 16 percent, higher than the national average.

Another obvious advantage of the all-member-mortgage-contract system is that to a certain degree, it provides the enterprises with needed capital for faster development both at present and in the future. He Zhukang cited the following specific examples: Since the implementation of

the all-member-mortgage-contract system, the total security payments from staffers and workers of Jiutai County has amounted to 5.5 million yuan; over 4 million yuan in Nungan County; and over 6.5 million yuan in Changchun City's suburban areas. Based on these figures, the security payments of the whole province may reach around 200 million yuan, thus enabling the enterprises to cut their borrowing and become gradually self-reliant in raising funds for production and development.

It is reported that some 28 percent of enterprises in Jilin have already implemented the all-member-mortgage-contract system.

Liaoning Industrial Directors' Conference Ends
SK040108 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 2 Apr 88

[Text] The provincial conference of industrial and commercial administrative bureau directors ended in Shenyang today.

Vice Governor Chen Suzhi made a speech at the conference. He called on cadres of industrial and commercial administrative bureaus to perform their official duties honestly; enforce the law justly; safeguard economic order; and judge, analyze, and solve all problems relating to social economic activities in line with the standards for developing productive forces.

The conference lasted 5 days. Directors of all city and county industrial and commercial administrative bureaus attended.

The conference stated that we should positively support enterprise reform in order to energize enterprises, should develop the individual sector of the economy, should support and promote the development of the private economy, and should adopt measures to create conditions for the acceleration of Liaodong Peninsula's export-oriented economic development.

The conference pointed out: Industrial and commercial administrative departments should support the legal activities of private enterprises, further help large and medium-sized enterprises to reasonably readjust their production structures, and use natural resources at home and abroad to develop the export-oriented economy. It is necessary to properly relax the restrictions of methods regarding the registration funds of town and township enterprises and collectively owned enterprises and regarding their economic scale. The key to using foreign capital hinges on developing Sino-foreign joint ventures, wholly foreign-owned enterprises, and Sino-foreign cooperative enterprises. So, we must support these enterprises' legal activities.

The conference pointed out: The production and marketing of fake, imitation, and unqualified commodities still occur. Thus, all localities should fully understand the serious harm these activities bring. They should deal

blows strictly to serious illegal cases of producing and marketing fake foodstuffs, medicines, cigarettes, wine, crop seeds, and chemical fertilizer in order to safeguard the social economic order.

Liaoning Governor Interviewed on Li Peng Report
OW030134 Beijing Domestic Service in Mandarin 2230 GMT 27 Mar 88

[Text] Listeners, in his government work report, Acting Premier Li Peng stressed the need to introduce competition into the enterprises. Station reporter (Zhang Shuguo) interviewed Li Changchun, NPC deputy and governor of Liaoning, on his views about this.

Li Changchun said: [Begin Li recording] Notable results have been obtained in Liaoning since competition has been introduced into the selection of managers, through public bidding or appointment. Today competition has been introduced in about 14 percent of the large and medium enterprises where the contract system of managerial responsibility is enforced. Competition has been introduced in over 50 percent of the small enterprises operated under leases. Fairly satisfactory results have been obtained by these enterprises. Practice shows that this reform is significant in the following respects:

1. It has changed the longstanding practice of managing cadres of enterprises as if they were party or government cadres. Under the traditional system, cadres of enterprises were assigned by their superior department. The current reform creates conditions for capable personnel to compete openly and fairly. It helps debureaucratize managers, deofficialize enterprises, and change the situation under which government officials operate businesses. All this creates conditions for the development of a contingent of entrepreneurs. It is under such a condition that a large number of outstanding entrepreneurs have distinguished themselves in Liaoning.

2. We feel that this reform vividly reflects China's socialist democracy. It provides opportunities for men of vision to compete openly and on equal footing, arouses the initiative of capable people to take part in enterprise management, and gives workers and their representatives full authority to choose managers, thus making them feel they are truly masters of their own enterprises. This is conducive to arousing the initiative of both managers and production workers.

3. This reform is conducive to satisfactorily handling the interests of the state and the enterprises. Determining the base of contracted responsibility is a prominent question encountered by the state and the enterprises in implementing the contract system of managerial responsibility. The practice used thus far has often resulted in direct negotiations between the state and the enterprises. This is not conducive to tapping the potential of enterprises and may damage the interests of the state. The introduction of competition in the selection of managers

and the implementation of the contract system of managerial responsibility, once organically integrated, make it possible to set the goal of management through competition. In this way the potential of the enterprises will be fully tapped, and the interests of the state will be adequately protected.

4. This reform, we believe, is conducive to separating government and management functions, to deepening enterprise reform, and to improving enterprise management. The introduction of competition into the selection of managers and the introduction of risk factor, once organically integrated, will force the managers to manage the enterprises with an awareness that they are fighting with their backs to the river. In an enterprise, the greater risk the manager takes, the greater the authority he or she will possess. Under such a circumstance, the manager will have the courage and the will to break away from the old practice formed under the system of egalitarianism. As a result, enterprise management will improve by leaps and bounds. [end recording]

Liaoning Investors To Take Complaints to Mayor
*OW020537 Beijing XINHUA in English 0933 GMT
31 Mar 88*

[Text] Beijing, March 31 (XINHUA)—Overseas investors and businessmen in coastal Dalian City are able to take their complaints directly to the mayor.

The "INTERNATIONAL BUSINESS," a Beijing-based national newspaper, reported today that the mayor, Wei Fuhai, has met with investors in the city's economic and technological development zone on numerous times and has helped them deal with 102 assorted problems.

A total of 111 foreign-funded enterprises have been approved in the zone and 70 are in operation. Many have been troubled by poor service and inadequate supply of materials, energy and other necessities, the paper said.

Last month, when a Japanese manager complained that the quality of water was so poor that it was affecting production, Wei installed a water purifier without delay.

The local government has guaranteed energy supply to foreign-funded enterprises, the paper said.

Liaoning To Offer Enterprises for Joint Operation
*OW011041 Beijing XINHUA in English 1509 GMT
31 Mar 88*

[Text] Beijing, March 31 (XINHUA)—Liaoning Province in northeast China will offer 100 large- and medium-sized state-owned enterprises to form joint ventures with foreign investors next month.

This was disclosed by Li Changchun, governor of Liaoning Province who is now attending the First Plenary Session of the Seventh National People's Congress here in Beijing.

In an interview, Li told XINHUA that Liaoning boasts 700 large- and medium-sized enterprises, whose fixed assets account for 78.7 percent of the provincial total.

He believed that using the workshops, equipment and sites of these enterprises as investment to form joint ventures or co-production enterprises with foreign investors is a shortcut to better economic results.

He disclosed that international bidding will be invited for investment in the first 100 enterprises on offer next month.

Calling such joint ventures "enterprises with two ownerships", Li said that part of these enterprises will still be under state or collective ownership, while the rest will be under joint ownership. The Chinese managerial system and the internationally-practised managerial system will be used in such enterprises.

In the light of Liaoning's experience in recent years, Li said, it is not a good idea to build large enterprises with foreign loans since it takes a long time to see profits and repay the loans. Offering the existing enterprises for foreign investment will draw advanced technology and equipment and help ease the shortage of funds.

He said that Chinese enterprises need advanced foreign managerial expertise to reform their management. In fact, some of the factories in his province have already invited foreigners to run some of their workshops and production lines.

By letting foreigners run Chinese enterprises, Li said, China can be better able to promote links with the international market.

He said that the relationship between Chinese and foreign partners of a joint-venture enterprise is purely economic. Therefore, supplementary reforms should be carried out in the appointment of workers and managers and division of labor in order to improve work efficiency to meet the demand of foreign investors.

He said that local governments should not overvalue the assets of enterprises offered to foreign investors for joint operation. Special preferential treatment should also be given to enterprises, which are in urgent need of technological transformation, so that foreign investors can make profits out of their investment.

Shenyang Company To Sell Shares to Foreigners
*OW050424 Beijing XINHUA in English 0200 GMT
4 Apr 88*

[Text] Shenyang, April 4 (XINHUA)—A Shenyang company will start selling 100 million yuan (27 million U.S. dollars) worth of shares to Chinese and foreign individuals and enterprises beginning May 1.

The shares are being sold so the gold cup automobile limited-liability company can be founded by the Shenyang Automobile Industry Company and the Shenyang branch of China's People's Construction Bank.

The Shenyang Automobile Industry Company is one of the city's largest enterprises, and between 1984 and 1987, the firm's output of gold-cup-brand automobiles increased 2.6 fold and profits 2.3 fold.

It is estimated the company's 1988 output value could hit one billion yuan (270 million U.S. dollars) and the firm could pull in profits of 150 million yuan (40.5 million U.S. dollars).

Each share will have a face value of 100 yuan (27 U.S. dollars) and foreign buyers will have to use foreign currency to buy the shares which will pay dividends in foreign currency.

Once sold, the shares cannot be returned, but can be sold or transferred to other individuals or enterprises.

The shares have an annual interest of 12 percent, and dividends will vary depending on the company's success.

Northwest Region

Gansu Party Meeting Criticizes Wuwei Leaders
*HK050319 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 4 Apr 88*

[Excerpts] The Gansu Provincial CPC Committee held a secretary's executive meeting on 4 April to carry out serious criticism on the recall of the WUWEI BAO which occurred in Wuwei Prefecture. The meeting ordered Yang Zuolin, secretary of the prefectural party committee, and the leaders concerned to conduct thorough self-examinations in order to redeem their reputations.

During the meeting, Yang Zuolin reported to the provincial party committee leadership on how the WUWEI BAO had carried excerpts from heartfelt speeches of people's deputies and how the prefectural party committee had called for the recall of the newspaper. He also conducted a self-examination on this erroneous way of doing things.

Provincial party committee Secretary Li Ziqi seriously criticized Yang Zuolin. He said: We should welcome the people's deputies at all levels to engage in forums, consultation, and dialogue and to put forward views and

criticisms to the leaders at all levels, especially the party and government leaders. This is an important aspect of building democratic politics. The leading cadres at all levels must vigorously support news reports and support the media in giving better scope to their supervisory role. We must welcome criticism. Only thus can we do our work well.

He said: The party organizations at all levels must actively support the news units in doing their work. Journalism must also carry out reforms and exploration under party leadership.

Li Ziqi expressed the hope that the Wuwei Prefectural CPC Committee and the leading comrades at all levels in the province will learn a lesson from this affair and strengthen their democracy consciousness. We should do a good job of work in Gansu and promote the healthy development of building democratic politics. [passage omitted]

Gansu Notes Rising Population, Shrinking Farmland
*HK050453 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 4 Apr 88*

["Chat for Everybody" Article by (Zhang Yanlong):
"The Two 300,000's that Cause Anxiety"]

[Excerpts] I learned from a recent forum that since 1980, Gansu's population has risen at a rate of 320,000 every year, while the area of farmland has shrunk at a rate of 370,000 mu every year. These two 300,000's really cause anxiety. [passage omitted] If this state of affairs continues, it will not take long before we are in a dead end, and the consequences will be unimaginable.

Hence, we must from now on summon up great resolve. Apart from strictly controlling population growth, we must follow the provisions of the land management law and resolutely arrest the unhealthy trend of indiscriminate occupation of farmland. Problems that have already appeared in this respect must be thoroughly investigated and dealt with right away; otherwise we will be dishonoring our ancestors and harming our posterity.

Xinjiang Verifies 12 Metallogenic Zones
*OW050315 Beijing XINHUA in English 1036 GMT
5 Apr 88*

[Text] Beijing, April 2 (XINHUA)—Twelve metallogenic zones have been verified in Xinjiang Uygur Autonomous Region since 1986, according to the Ministry of Geology and Mineral Resources.

They include six gold zones, two mercury zones, and four tin and lead-zinc zones.

A ministry official said that some 100 geological units from across the country took part in the geological exploration in Xinjiang. This has been one of the key state scientific-technical development projects during China's Seventh 5-Year Plan (1986-1990).

Taiwan Urged To Cooperate on Defending Spratlys
HK011258 Hong Kong HSIN WAN PAO in Chinese
1 Apr 88 p 3

["Evening Talk" by Yang Chu (5017 2612): "Seeking Tacit Understanding, Resisting Foreign Aggression Jointly"]

[Text] The Truth of the Incident [subhead]

The Chinese military authorities have made public the facts about the March 14 incident on Chigua Reef, Nansha [Spratly] Archipelago.

First, it was the Vietnamese troops that landed on the Chinese territory of Chigua Reef to carry out provocations. The Chinese troops told them to go away but they refused.

Second, it was the Vietnamese troops that were the first to open fire with rifles and artillery. The Chinese troops were forced to fight in self-defense.

Very Patient [subhead]

Generally, the question of who opened fire first is unimportant.

The Nansha's Chigua Reef is China's territory. When armed personnel of a foreign country intrude without permission and refuse to go away even after being given a warning, the Chinese troops, whose duty it is to guard the territory, should adopt all effective measures, eventually the use of force of arms, to drive out the intruders.

The fact that the Chinese troops hit back only after the Vietnamese troops opened fire showed that the Chinese side was very patient.

It Won't Do To "Give Ground" [subhead]

We should exercise patience instead of giving ground.

Our sacred territory should not be "given up" to others.

China has to muster manpower and resources to carry out construction and develop the economy. This makes it particularly necessary to have a peaceful and stable environment.

We need peace but this does not mean that we can hand over our territory to other people submissively and that we should not hit back when other people open fire and behave atrociously in China's land!

Work in Concert [subhead]

The Chinese troops have a duty to guard the territory.

An interesting development in today's news is what a Chinese "authoritative person" spoke about to the reporter of a Hong Kong newspaper:

"The Taiwan authorities have always stationed troops on Taiping Island, the largest island in the Nansha Archipelago. Taiping Island is over 900 nautical miles from Taiwan. There are some difficulties in supplying the island. Sometimes supplies come only once in 4 months. However, it is only over 400 nautical miles from Xisha [Paracel] Archipelago. If the Taiwan authorities agree, the mainland side can solve the supply problem for Taiping Island entirely. It is hoped that both the KMT [Kuomintang] and the CPC will work in concert in defending and building Nansha, the territory of the motherland, seek tacit understanding, and resist foreign aggression jointly."

Seeking tacit understanding and resisting foreign aggression jointly. This is really wonderful!

Pot Taking a Proper Measure of Itself [subhead]

China has set up a marine observation station on Nansha Archipelago. It has sent oceanographical personnel to Nansha to make an on-the-spot investigation. All these experts, engineers, and technicians are intellectuals and it is only natural that the Chinese Navy should send naval vessels to protect them.

Vietnam took a beating when it did not take proper measure of itself and used force. It has gotten what it deserved!

NPC Official Urges Mail Exchange With Taiwan
OW011352 Beijing XINHUA in English 1138 GMT
1 Apr 88

[Text] Beijing, April 1 (XINHUA)—The central government should adopt flexible ways to bring about direct exchanges of mail between the mainland and Taiwan at an early date, said Zhu Xuefan, vice-chairman of the Standing Committee of the Sixth National People's Congress (NPC).

Demands for personnel exchanges between the two sides of the Taiwan Straits have become more urgent since the Taiwan authorities relaxed restrictions on visits by Taiwan compatriots to the mainland. Zhu said today at a panel discussion with the Shanghai delegation at the current session of the Seventh NPC.

Zhu, who had worked in postal administration for a long time, proposed that the Red Cross Society take charge of such mail exchange. He proposed that letters and parcels be delivered three times a week by boats between Xiamen in Fujian Province and Jinmen Island in Taiwan.

It is reported in Taiwan that the Taiwan postal bureau has recently decided to entrust the Red Cross to take charge of letter exchange between the mainland and Taiwan via Hong Kong beginning later this month.

Zhu, also chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, noted it takes too long a time to receive a letter handled in this way and procedures involved are too troublesome.

Taiwan To Invite Mainland Students To Visit

HK020615 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 1219 GMT 30 Mar 88

[Report: "Taiwan Authorities Decide To Invite Mainland Students To Visit Taiwan"]

[Text] Hong Kong, 30 Mar (ZHONGGUO TONGXUN SHE)—Taipei sources: In principle, Taiwan decision-making authorities not long ago decided to invite students from Mainland China studying abroad to visit Taiwan.

The decision-making authorities held a meeting to discuss this issue; and all personages participating in the meeting held a positive attitude toward inviting students from Mainland China studying abroad to visit Taiwan, according to a report in Taiwan's LIEN HO PAO today.

The decision-making authorities will consider related measures concerning the pressure of public opinion regarding people on the island demanding that the authorities lift the ban on mainland compatriots coming to Taiwan to visit relatives in the wake of inviting students from Mainland China studying abroad to visit Taiwan.

Not long ago, students from the two shores studying abroad held a forum in New York City. Both sides believed that more contacts between students of the two shores were desirable.

Hong Kong

Trade With Taiwan Marks Large Increase

OW050547 Beijing XINHUA in English 1229 GMT
2 Apr 88

[Text] Hong Kong, April 2 (XINHUA)—The total trade value between Hong Kong and Taiwan had jumped 71 percent from 26.5 billion Hong Kong dollars (3.39 billion U.S. dollars) in 1985 to 45.4 billion Hong Kong dollars (5.82 billion U.S. dollars) last year, according to Jack So, executive director of the Trade Development Council.

The Hong Kong Trade Development Council is stepping up its efforts to help local businessmen sell their products in Taiwan, taking advantage of Taiwan's market opening measures, lowering tariffs and depreciation of the Hong Kong dollar against Taiwan currency.

The council announced yesterday that it had appointed the Quanta Group to act as its representative in the Taiwan market, to help deal with business referrals and trade inquiries, publicize Hong Kong's products, provide trade information to importers and buyers, and assist in organizing the council's promotional activities in Taiwan.

The consultant will also help in bringing Taiwan buyer groups to attend the council's trade fairs in Hong Kong.

The Quanta Group is a Taiwanese company with business activities covering trading, advertising, and food distribution.

Trade experts here believe that Hong Kong's garments will be popular in the Taiwan market. Other Hong Kong products with promising market potential include jewelry, deluxe watches, and clocks, furniture, and other household ornaments.

Industrial Engineers Attend Symposium in Beijing

OW050533 Beijing XINHUA in English 1221 GMT
2 Apr 88

[Text] Beijing, April 2 (XINHUA)—An industrial engineering symposium which is hosting a delegation of industrial engineers from Hong Kong opened today in Beijing's Science Hall in the western suburbs.

Headed by Tam She-gun, director of the Education Office of Hong Kong's Vocational Training Council, the 57-member delegation is the first academic group of its kind to visit Beijing.

According to Tam, the delegation plans to exchange technological information related to production and industrial and engineering projects.

Participants believe that the symposium is a good chance for academic exchanges between the experts, scholars, professors, researchers, and engineers from Hong Kong and the mainland.

The application of computers in engineering, quality control, manufacturing management, electronics, the manufacture and use of metals, high technology, and chemistry will all be discussed at the seminar, where participants will hear papers read by 14 Hong Kong and 12 Chinese engineers.

At today's opening session, Tam read his paper, "A Strategy for Investment and Development."

The 6-day meeting is sponsored by China's Science and Technology Association and its International Conference Center for Science and Technology.

During their stay in the capital, the Hong Kong delegation will also visit Beijing's rocket and satellite assembly plants and other interesting institutions.

'Outdated' Telecommunications Law Under Review

HK050315 Hong Kong SOUTH CHINA MORNING
POST in English 5 Apr 88 pp 1, 2

[By Lulu Yu]

[Text] Most Hong Kong people will have the chance to view satellite programs of their choice when a new law on telecommunications is passed later this year.

The Government is considering changes to the outdated Telecommunications Ordinance which will enable tenants of multi-storey blocks to share private satellite dishes, without infringing the franchise of the Cable and Wireless Company.

At present, anyone can set up a satellite dish in a backyard or on a rooftop for private use, but it is illegal for tenants of a multi-storey building to share a dish.

While a few residents already own dishes to pick up overseas programs, the Government banned hotels from setting up services last year because they were considered a commercial activity.

It is against the law to collect satellite signals for commercial distribution.

Cable and Wireless is the sole provider of external telecommunications facilities, including satellite services, telex, telephone and telegrams until 2006.

But the existing law also empowers the Governor-in-council to vary or amend the terms of Cable and Wireless' licence to give others rights to receive and distribute telecommunications services to particular users.

The Government has been reluctant to use that power, particularly in the case of hotels, because of the complexities involved in overseeing a commercial operation where hotel customers could be charged for the satellite services.

Such a departure from existing legal provisions is also considered too drastic and too controversial.

Instead, the Government now suggests that companies wishing to provide hotels with satellite services be granted temporary licences to beam programs into hotel rooms via cable and Wireless' microwave links.

It will also ask the Executive Council to consider allowing residents to have their own communal satellite dishes for the reception of signals, subject to the approval of the Postmaster-General.

Those who own communal dishes will still be barred from selling their satellite service for a profit.

A policy paper outlining the proposals will be submitted to the Executive Council for approval by June and Legislative changes are expected before the end of the year.

The Government's review of its telecommunications policy began more than three years ago but was set aside in favour of more urgent deliberations on cable television.

At least one company, the United States-based Cable News Network, has applied to have its 24-hour news service broadcast in hotels before cable television comes on stream. The application by Mr Ted Turner's network has implications for both Hong Kong's broadcasting policy and for cable television.

A Secretariat official told the SOUTH CHINA MORNING POST that any licence granted would only be temporary until the satellite services could be relayed on cable TV.

The question of satellite reception by private households also has wide implications for the Cable and Wireless franchise.

The Post Office, the Administrative Services and Information Branch and the Economic Services Branch have come up with a recommendation to allow satellite signals to be received in single apartment blocks, with the building management or selected individuals charged with cost-sharing and maintenance.

At present, private users in the territory can pick up the strongest satellite signals from countries such as Australia, Japan, Indonesia and the Soviet Union.

Because of the limited programs obtainable in Hong Kong and the high cost of satellite dishes, ranging between \$30,000 and \$60,000 each, it was considered impractical to relax the law to allow individual households to erect their own dishes on rooftops.

But even a partial relaxation of the law as currently proposed could mean a potential loss of revenue for Cable and Wireless, the company which now has exclusive rights to all satellite transmissions.

Cable and Wireless, which owns the Intel Sat earth station at Stanley, passes on pictures to the territory's two TV stations, TVB and ATV, by microwave.

The British company, which is one of two major bidders for a franchise to operate cable television, now owns five satellite dishes and has investments in related services running into hundreds of millions of dollars.

WAH KIU MAN PO Ceases Publication 1 Apr
OW011209 Beijing XINHUA in English 1541 GMT
31 Mar 88

[Text] Hong Kong, March 31 (XINHUA)—The 42-year-old "WAH KIU MAN PO", Hong Kong's earliest evening newspaper, will cease publication as of tomorrow (April 1), the paper announced here today.

The paper itself made no explanation although "THE NEW EVENING POST", another local paper, attributed its closure to long-term losses.

"WAH KIU MAN PO" started circulation September 1, 1946. At its prime, the paper had two editions each day. It began to issue one edition daily in 1985.

Macao

'Measure of Self-Reliance' After 1999 Sought
HK040154 Hong Kong AFP in English 0124 GMT
4 Apr 88

[By Jeff Wagner]

[Text] Macao, April 4 (AFP)—The Macao Government has launched an extensive development program aimed at ensuring the Portuguese-run enclave a measure of economic self-reliance after its transfer to Chinese rule in 1999.

The program, built around ambitious plans for an airport and a deep-water harbour, stresses the importance of attracting Portuguese capital to bolster the country's presence in the territory after the handover, officials said.

Beijing has also shown its interest by sharply increasing its economic presence here, they said.

A Chinese consortium has taken a 25 per cent stake in the airport, due to start construction late this year or early 1989, and the mainland is also involved in the 300 million pataca (37.5 million dollar) harbour project.

Under a Sino-Portuguese pact signed last April, Macao will be a Special Administrative Region of China for 50 years after December 20, 1999, allowed a "high degree" of autonomy in all matters bar defence and foreign affairs.

Governor Carlos Melancia told AGENCE FRANCE-PRESSE strong development would fit in with China's strategy of boosting the economy of coastal areas and its use of its southern Special Economic Zones to attract foreign capital.

"I think we cannot create a strategy for the future of the territory and ignore integration with China," Mr. Melancia said in a recent interview.

He said the three billion pataca (375 million U.S. dollar) airport, due for completion in 1993, was part of "a strategy to assure an expansion of Macao" that would "increase the possibility of autonomy" after 1999.

This strategy includes playing a "motor role" in the development of China while diversifying a domestic industry largely dependent on textile exports and therefore vulnerable to protectionism abroad, Mr. Melancia said.

The government plans a new fiscal system within two years that will retain Macao's low taxes while introducing incentives to increase investment and promote new industries, Economic Secretary Antonio Galhardo Simoes said.

A development bank owned equally by Hong Kong, Chinese and Portuguese interests and partly subsidized by the government will be set up by the end of the year "with a stock of new projects," Mr. Simoes said.

Excess liquidity topped five billion patacas (620 million dollars) in fiscal 1987, partly due to a lack of projects, Macao's monetary authority said.

The Issuing Institute of Macao also said the banking system, which is dominated by the Bank of China, posted record combined profits of 248.1 million patacas (30.8 million dollars) last year, a 48 per cent rise on fiscal 1986.

On the question of a future central bank, Mr. Simoes said he wanted the note-issuing Portuguese Banco Nacional Ultramarino to be locally incorporated and did not discount the Bank of China as a possible second note-issuer.

Officials said the abundance of capital was tempered by a lack of infrastructure, which the big projects aim to counter, and a serious labour shortage, against which the government recently adopted a controversial bill.

Local labour groups see the legislation, allowing firms to import lower-paid workers from China, as a way to keep Macao's wages low, which some analysts said was the cause of the labour shortage in the first place.

Mr. Simoes said the bill, which forces employers to submit labour applications to the government and provides for special agencies to supervise the labour inflow, guaranteed local workers' rights.

It was a "question of honour and pride" to leave Macao "a very sound system" for 1999, he said, noting that "the political understanding with China is very good" and there was "no resistance" to the Chinese presence here.

'Language Problem' Seen as 'Major Hurdle'
HK030414 Hong Kong AFP in English 0408 GMT
3 Apr 88

[By Jeff Wagner]

[Text] Macao, April 3 (AFP)—Macao is racing against time to prepare itself for Chinese rule, faced with the mammoth task of integrating local Chinese into an administration and legal sector where Portuguese is the sole working language.

The language problem is seen by officials and analysts here as the major hurdle to be overcome if Macao is to be self-reliant by the time it is transferred to China on December 20, 1999 and starts 50 years of autonomy.

Governor Carlos Melancia's administration, which took over in July, recently bought Macao's University of East Asia from private Hong Kong interests for 13 million patacas (1.6 million U.S. dollars) to back up its localization policy.

New courses in law and administration to be offered at the university from October will run in tandem with an ambitious project to translate the Portuguese-run enclave's law into Chinese, government officials said.

Mr. Melancia recently told AGENCE FRANCE-PRESSE the government aimed to complete the translation project in three years and establish Chinese as a second official language by 1992. He described the task as "enormous".

Macao, whose population of 450,000 is 97 per cent Chinese, does not have a single Chinese lawyer or judge, while its civil service is dominated by Portuguese and local Macanese—people of mixed Chinese-Portuguese descent.

The 4,000 Macanese here are a key bilingual force in a community where differing educational systems and a lack of any official support for language training have left most Chinese without any knowledge of Portuguese.

A large section of the Macanese community are concerned that they will become second-class citizens after 1999 and many, notably professionals, have already packed their bags. The exodus is expected to swell.

Under a Sino-Portuguese joint declaration signed last April, Macao will become a Special Administrative Region of China (SAR) for 50 years after 1999, guaranteed a "high level" of autonomy except in defence and foreign affairs.

The government has stressed that Chinese can only become a second official language once the law has been translated and has emphasized the need for bilingualism and the continued use of Portuguese before and after 1999.

"If we do not reinforce the Portuguese presence, the majority of the Macao population will be automatically classified as Chinese," Mr. Melancia said.

The government is seeking assurances from China that Portuguese-trained civil servants in place in 1999 are not demoted in favour of new pro-Beijing officials, Administration and Justice Secretary Jose Antonio Barreiros said.

He said the joint declaration was a "bit vague" on this issue, allowing Beijing the alternative of keeping certain high-level civil servants on the same pay scale while removing them from key decision-making positions.

"We can't accept localization that is based on nationality and race," Mr. Barreiros said, adding that Macao "must be ruled by Macao-born people."

Some observers said China has stepped up its political presence since the signing of the joint declaration and is grooming its own administrators for high-level positions in the SAR. This has not been confirmed officially.

Beijing in September set up a NEW CHINA NEWS AGENCY (NCNA) bureau in Macao to replace the Nam Kwong Trading Company as its de facto representative here.

Mr. Barreiros said there had so far been little communication with China on these issues. The government was "now thinking of the need for cooperation" on translating the law and NCNA has been asked to "find legal experts," he said.

The secretary said a key issue was whether to transfer the civil and criminal codes, which would maintain the Portuguese "way of thinking" in Macao.

The local Chinese press, which analysts said partly reflects Beijing's views, has attacked the government for making the language issue dependent on the law problem and has stressed the urgent need to officialize Chinese.

Some Macao Chinese, such as legislative councillor Susana Chou, have however spoken against a drastic change, saying this would entail even more problems.

Stanley Au, a prominent local banker who on March 29 set up an association to study the transition problems, said English, spoken by both Chinese and Portuguese notably in trade, should be used as "a medium of convenience."

Analysts said an added problem was that Macao Chinese speak Cantonese and Beijing was likely to make Mandarin an official language after 1999.

Mr. Melancia last month revived an education committee first set up in 1986 and mandated it to define a single school system for Macao and decide which language should be used for instruction during the transition period.

Tourism To Help Renew Taiwan Links

HK020804 Hong Kong SOUTH CHINA MORNING POST in English 2 Apr 88 p 3

[By Adam Lee in Macao]

[Text] After 20 years of isolation, Macao is now taking steps to renew its links with Taiwan.

The Portuguese enclave's tourism director, Mr Luis Nunes da Ponte, will travel to Taiwan in June to attend the 1988 Pacific Areas Travel Association (PATA) Conference.

But he will go as a representative of the Macanese PATA branch rather than as a government official.

It will be the first time a Macanese Government official has visited Taiwan since 1966, when a riot in Macao resulted in the Government expelling all Taiwanese at the request of China.

Mr Ponte hoped the conference would lead to contact between Macanese and Taiwanese travel agencies, instead of having to work through Hong Kong intermediaries as they did at present.

Mr Ponte and his wife left Macao on Thursday to visit Zhuhai, Zongshan, Shunde, Foshan, Xiqiao and Guangzhou on the mainland as guests of the China Travel Service.

Mr Ponte also hoped to attract more Portuguese and other European tourists to include Macao and the Pearl River Delta on their itineraries.

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